

When compromise is dangerous

BY GEOFFREY OWEN

THERE IS almost nothing we do now that is not subject to, or monitored in some fashion by, government agencies. This ranges all the way from which people we can recruit to work for us to how much of a pension we will pay them when they retire.

For the chemical companies in fight against the Government because they think it is being too stringent on health and safety matters might strike many people as a hopeless task; after all, doesn't the public think the chemical industry is mainly interested in profits while the Government is concerned with the well-being of the citizens?

Proliferation

Yet it is equally possible to argue that the Government has the right to all wisdom on these matters and that the proliferation of controls and regulatory agencies, staffed with zealous crusaders, is against the interests of consumers because it leads to higher prices and slows down the development of new products.

Clearly an industry faced with the sort of challenges which Mr. Gerstacker describes has to choose its ground carefully. The trend towards industry becoming more accountable to the public for what it does is inevitable and irrevocable; companies have to demonstrate that what they do in the public interest as well as in the interests of shareholders.

In the U.K. companies may tend to be more defensive than in the U.S. and more willing to compromise rather than fight; the siren voices calling for closer collaboration between industry and government point in this direction. But perhaps companies give in too easily. There is no great affection for Government bureaucracies, most people would be only too pleased to see them hunk, or least prevented from growing any further.

RACING BY DOMINIC WIGAN

Harwood's hopes are high

GUY HARWOOD, the Pulborough, Sussex, trainer has a fine record at Brighton. His five-year-old, Stirling Castle, who has already shown his liking for the south coast track, could add to it to today's Friend James Memorial Handicap.

Stirling Castle, already a winner twice over today's one mile course and distanced some eight furlongs to his best form of last year when leading the Levy Board Apprentice Handicap at the last meeting here. Driven into the lead 24 furlongs from home, Stirling Castle conceding between 11 lbs and 26 lbs to his six opponents.

Although he faces stiffer opposition this time, Stirling Castle seems to have been let in tightly with 8 st. 9 lb. at which weight he receives 6 lb and 4 lb from The Nadi Royale and Peranka, respectively.

BY ANTONY THORNCROFT

Braque fetches £75,000

IT WAS Christie's turn yesterday to venture into selling Impressionist and Modern paintings, which it did recently successfully for a total of £57,500.

The best price was the £75,000 from the London dealer Somerville and Simpson for a still life by Braque entitled *Crucifix, portion, fruits et cerises*.

Other good prices were for a Japanese work, *Nichido*, given early 18th century showing a marriage scene, sold for £2,400. The late 19th century *Green Family* by a Dutch artist, sold for £1,750.

At Sotheby's, also, continental porcelain made £55,240. A Dutch Delft group of 12 plaques of the 17th century, sold for £1,450.

In the provinces, at James Reed in Bristol, a general sale realised £19,460, with a per cent bought in a late 17th century oak court cupboard was bought for £1,300, and a 17th century Flemish tapestry for 1975.

GARDENS TO-DAY

No flower is as fine as the best rose

BY ROBIN LANE FOX

GARDENERS TEND at times to be ungrateful. The weather is never what it might be; the azalea's colour is never what it seemed in the catalogue or in the Savill Gardens; there are always weeds and the days in which they are under control are just as imperfect as the days in which they are left alone.

Why, though, are so many gardeners so ungrateful about roses? This may surprise you. Do we ever praise anything else, the abundance of Iceberg, the yellow Golden Showers, the shape of old pink Madame Butterfly?

But often, gardeners turn their backs on the best and admire, at most, in their gardens, roses have a special vice, known as only flowering once.

Two late 18th-century south German religious carvings in fruitwood sold for £4,500. A Leiferre at a Phillips sale of furniture and works of art which totalled £61,353.

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WIMBLEDON

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Borg in action yesterday against Nastase.

That idea has gone out of his mind. Nastase widened his lead to 4-1, and both men thrilled the Swedish journalists, said he was not upset by the incidents. "Always when he is down Nastase starts to behave very badly. This is Wimbledon and he has never won it. He wanted to win this title very badly."

On Court One the 18-year American qualifier McEnroe continued his ailing run in these championships by defeating the Australian Dent 6-3, 6-2, 6-4, 6-3.

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YUGOSLAV computer order BY OUR OWN CORRESPONDENT TOKYO, June FUJITSU, Japan's top computer manufacturer, has won a ¥2.5bn. (\$125m.) order from a Yugoslav bank for a computerized on-line system.

down u

Encased For my third, and last choice a Bourbonnais Madame Laurin de Barretts of Shrewsbury will exceed any pink rose the RHS dictionary. "Flowers heavy in large up to 10 and tepals in end up with the best thickly-petalled, there; somewhat of a if you wish to be case out of the garden catches mildew. I let her Sbe grows freely, upright or seven feet.

BY JOHN BARRETT

Magnificent Borg brushes aside unruly Nastase

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TV Radio

Indicates programme in black and white. BBC 1 1.30 p.m. Teddy Edwards. 1.35 Ring-a-Ding. 1.45 News. 1.55 Wimbledon. 4.18 Regional News (except London). 4.20 Play School (as BBC TV 11 a.m.). 4.45 Rentakoo. 5.10: Newsround Weekly. 5.25 Ludwig. 5.40 News. 5.53 Nationwide (London and South East only).

F.T. CROSSWORD PUZZLE No. 3,417

A crossword puzzle grid with numbered squares and a list of clues. The grid is partially filled with letters.

ACROSS 1 Unenthused hot gossipier (8) 3 Made friends but grew tedious (6) 5 before hundred notes became costly (5) 7 Composition strangled one month by Exchange Telegraph (6) 9 Super gear finished with determination (9) 13 Not ignorant of a kind of manufactured article (5) 14 Get rid of passion (4) 16 Wreath a different net going to Bordeaux (7) 18 Unconscious person run over by train (7) 21 Drink left at sea (4) 24 Shan't be upset by county (5) 25 Change direction of cut more or less (4, 5) 27 Sentimental film featuring a tiny lead-up type (10) 28 In perfect health but only now and then (8) 29 Amount of medicine given to put party wise (6) 30 Appear in court willing to meet (4, 4)

5.55-6.15 Wales To-day. 7.00 Heddidi. 7.30 Pobol y Cwm (sened) penod 23. 8.00-8.30 The Goodies. 11.25 News and Weather. 11.55-12.05. Scotland-5.55-6.15 p.m. Report. 11.55 News. 12.05. Northern Ireland. 1.13-1.25 p.m. Northern Ireland. 1.43-1.55 p.m. Northern Ireland. 1.55-2.05. Scene Around Sci. 11.55 News and Weather for Northern Ireland. 2.05-2.15 p.m. Look East (Northwich). 2.15-2.30. Midlands To-day (Birmingham). Points West (Bristol). South To-day (Southampton). Spotlight South West (Plymouth).

5.40 a.m. Open University. 10.25 Nat Zindagi Naya Jeevan. 11.00 Play School. 2.00 p.m. Wimbledon Tennis. 7.00 News on 2. 7.40 One More Time. 8.10 Farm Dennis Underhill, sheep farmer, tells the story of life on his farm. 9.00 M*A*S*H. 9.25 Trinity 7. 10.15 Wimbledon Highlights. 11.05 Late News on 2. 11.35-11.50 Crossword: Marius Goring reads 'Soliloquy'. By R. S. Thomas. LONDON. 9.30 a.m. Summer School. 10.15 Mystery Movie: 'Garguac' 11.30 Cartoon Time. 11.35-11.45. Television. 12.00 The Adventures of Rupert Bear. 12.10 p.m. Hickory House. 12.30 Three Little Pigs. 1.00 News. 1.30 10-day's Post. 1.30 Couples. 1.30 Conf. Afternoon. 2.35 Disappearing World. 3.20 Crown Court. 3.50 There Goes That Song Again. 4.30 Get It Together. 4.45 A Bunch of Fifes. 5.15 The Flintstones. 6.00 To-day.

Down to the sea - again

by CHRIS DUNKLEY

aking conversation at a... ant dinner party, my wife told... eminent radio drama pre-

things change, the more they... stay the same—even the plots...

Television could hardly believe... their luck when they discovered...

It is not difficult, however, to... see why playing safe in this way...

Of course it is possible to... make innovations in this genre...



Peter Gilmore and Howard Lang in 'The Onedin Line'

One might suppose that with... two stars blaze in Giselle the...

Part of the fault may be that... the artist yet knows the...

Double bill by MICHAEL COVENEY

The two short plays on this... luncheon hill by Barbara...



Kenneth More and Carolyn Seymour in 'On Approval'...

Scottish Chamber Orchestra

In the Prague Symphony, a... sneaking leaping for the...

Le Bestiaire by ELIZABETH FORBES

the song recital given by the... ritone Richard Jackson in the...

Britten Memorials by RONALD CRICHTON

However full the halls of... Aldeburgh and Snape, there is...

ENTERTAINMENT GUIDE... THEATRES... OPERA & BALLET... CINEMAS... ART GALLERIES

Washington, D.C. A Renaissance of Graciousness... Have your car made on page 19

EUROPEAN NEWS

Opposition walks out as Ecevit promises rescue of economy

RIGHT-WING opposition members walked out of the Turkish Parliament today as Mr. Bulant Ecevit, the Prime Minister, outlined his new minority Government's programme...

EEC education directive

THE EEC Council of Ministers today passed its first directive on education. It requires members States to "promote" the teaching to migrants' children of the languages and culture of both the host State and the country of origin.

Soviet attack raises sales of Carrillo book

BY CHARLES DAWSON IN MADRID

SOVIET authorities will not be surprised to learn that the offending book by Sr. Santiago Carrillo, the secretary-general of the Spanish Communist Party...



Sr. Santiago Carrillo

of spring" of the Khrushchev years, says "the massive, annihilating regressions of Stalin's times have disappeared. Khrushchev, deposed, died in his bed. That was some progress."

economic development, criticism should have internal channels of expression and not be repressed by intolerable means. Socialism must win back democratic and liberal values, the defence of human rights.

Throughout the book, Sr. Carrillo emphasises his party independence. That Eurocommunism is not a tactic, and that it is not a function of Eurocommunism to strengthen the military position of the Soviet bloc...

Selective price freeze as French wage talks re-open

BY ROBERT MAUTHNER PARIS, June 28

THE FRENCH Government has decided to freeze the prices of a number of imported foodstuffs and products which have contributed to continuing high inflation.

Catalan exile leader to hold talks with King

BY OUR OWN CORRESPONDENT MADRID, June 28

Sr. JOSEP Tarradellas, the exiled President of the Generalitat of Catalonia, is expected to hold talks with King Juan Carlos at the Zarzuela Palace in Madrid.

W. German trade surplus increased again in May

BY ADRIAN DICKS BONN, June 28

THE WEST German trade surplus widened again during the first five months of 1977, reaching DM3,850 million in May.

Foreign farmers in Portugal angry

BY DIANA SMITH LISBON, June 28

THE MOOD of foreign farmers in the southern Portuguese province of Alentejo has turned from one of frustration to outright anger this week.

Schering turnover

BY THE FINANCIAL TIMES, BONN

MEANWHILE the Bundesbank reported that, following the sharp increase in loan demands from banks in April, there was a "definite quietening down" during May.

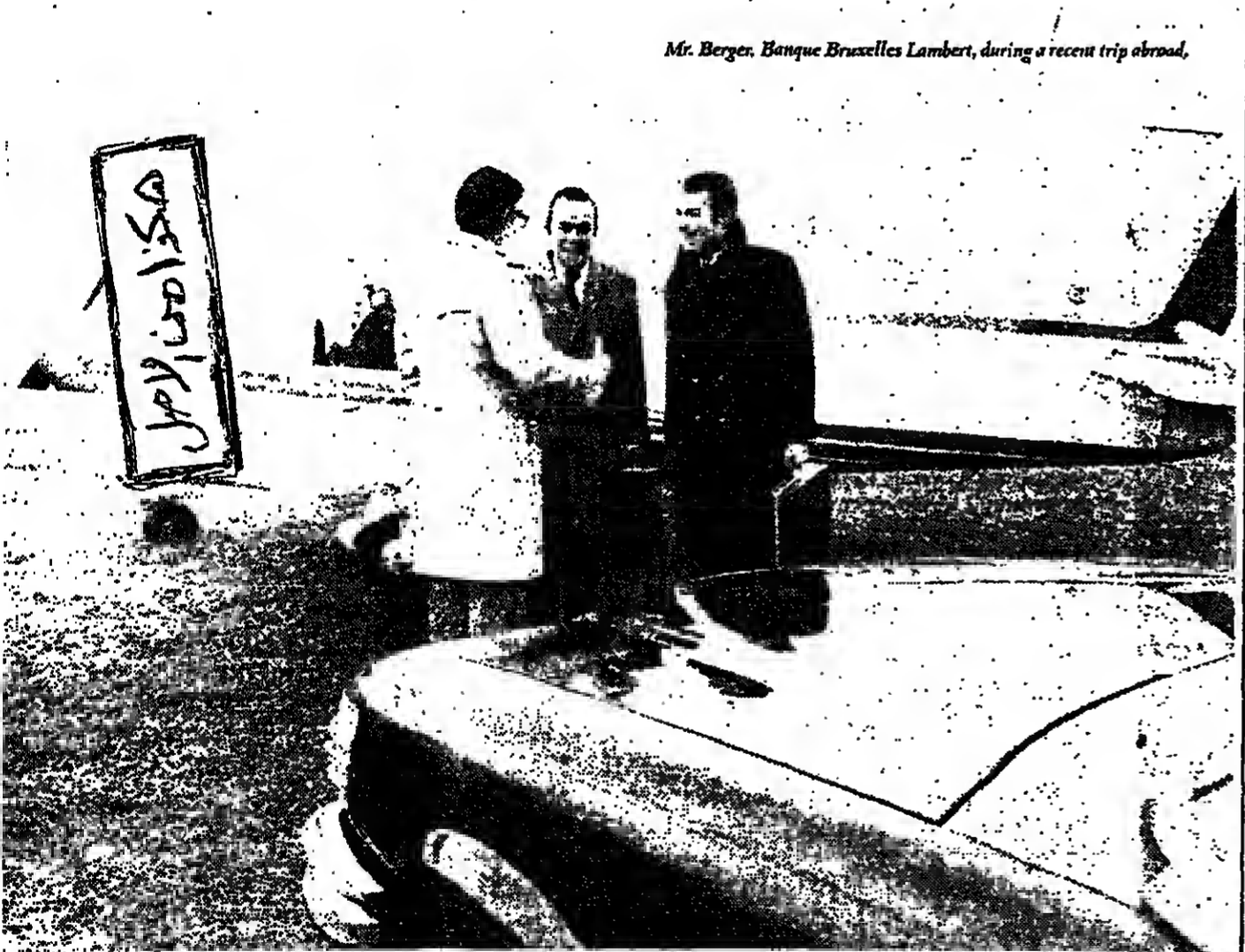
WEST GERMANY AND THE EEC Joint policies remain distant

BY JONATHAN CARR IN BONN

WEST GERMANY seems likely to be put in the dock again before long because of its policy towards the European Community, currently operating a "national" system.

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When you have business abroad, your banker has no business staying home. International contacts often play hard-to-get. The competition for them is stiff. And even if you can be competitive in every other area, you won't get the contract without the right financing.

AMERICAN NEWS

Steel buyers watch prices as demand falls away

BY DAVID BELL

WASHINGTON, June 28

MAJOR CORPORATE buyers of American steel are watching closely to see if the 6 per cent price increase of June 15 is going to stick in the face of an unexpected slump in demand which is seriously worrying some of the major producers.

tion and second quarter earnings. However, gloomy comment about third quarter prospects took its toll of steel share prices on Wall Street yesterday.

Among others who will take this as a sign that the price increase may not stick is the President's recently strengthened Council on Wage and Price Stability, which took issue with the need for a price increase when it was first announced, although it conceded that some rise was probably justified later in the year.

Nixon loses appeal on tapes

BY JURK MARTIN

WASHINGTON, June 28. IN A LANDMARK judgment, the Supreme Court ruled today that former President Richard Nixon was not entitled to possession of the personal papers and documents accumulated during his years in the White House.

In so doing, it upheld a 1974 Act of Congress which decreed that such material was public rather than private property. At issue in this particular case are some 424 pages of documents and 800 tape recordings, including various as yet unpublished items related to the Watergate scandal.

THE U.S. ISRAELI LOBBY

Doubters rally behind Mr. Begin

BY DAVID BELL IN WASHINGTON

AFTER six months of mounting dismay and muddled indecision, the powerful coalition that watches over the interests of Israel in the U.S. has begun once again to make its presence felt.

Begin became Prime Minister. The CIA had not anticipated this development, and an unprepared President found himself facing a rebuffal of Mr. Begin's latest comments about the occupied territories profoundly irritated him.

Once recovered from the twin shock of an apparently unsympathetic Democratic President and a new Israeli Prime Minister, the friends of Israel appear to have decided that for the time being they must rally behind Mr. Begin. The main reason is unquestionably that they share the resentment expressed by Senator Jacob Javits in a speech this week when he accused the President of trying to "press Israel against the wall."



Dr. Zbigniew Brzezinski

Israel's friends argue that it is Israel that is being asked to make all the concessions, that the Administration has already decided what kind of settlement it wants and that, in spite of its denials, it wants to impose it on the Tel Aviv Government. They have embarked on a two-pronged approach. The first is to threaten to withdraw Jewish political support from Mr. Carter in some States, notably New York, the Jewish vote is crucial, and in many more Jews have a long tradition of involvement at every level in the Democratic Party.

When most of Washington is still asleep, he briefs the President on the state of the world. Mr. Carter, who values him highly, has indeed been listening to Dr. Brzezinski since early last year.

It is scarcely surprising therefore that many of the themes of the Carter foreign policy are to be found in a careful reading of articles by Dr. Brzezinski in the past three years. Israel's supporters have done their homework and point to articles like the one he wrote in Foreign Policy magazine in the winter of 1975. Talking of the need to abandon Dr. Kissinger's step-by-step diplomacy, he wrote: "The sequence cannot be... from recognition of legitimacy to a territorial settlement resolving along the way the future of the Palestinians, but the other way around."

Worse still, from the Israeli point of view, Dr. Brzezinski was heavily involved in the Brookings plan for the Middle East which many State Department officials regard as one of their put it as "the closest anyone has ever come to a workable solution in the Middle East."

But many of Israel's friends did not regard it in this light, and they are convinced that Dr. Brzezinski wants to impose some variation of this approach on Israel. Their aim therefore is to discredit Dr. Brzezinski and to find a way of convincing the President that the advice he is getting is too one-sided. This is a dangerous tactic, since Mr. Carter does not respond well to pressure of this kind.

Effusive welcome for Perez

By Our Own Correspondent

WASHINGTON, June 28

PRESIDENT Carter today warmly welcomed President Perez of Venezuela to Washington in a further attempt to cement his Administration's support of those countries in Latin America that "respect human rights."

In an interview last week the President singled out Venezuela and Ecuador as two countries in Latin America that the U.S. wanted to encourage, because they "are shifting towards a more democratic process."

This morning, on a hot, muggy Washington day, Mr. Carter described President Perez as "one who can truly represent the highest aspirations of the people of Latin America."

Statistics security move

BY OUR OWN CORRESPONDENT WASHINGTON, June 28

THE CARTER Administration is concerned that information on key Government economic statistics is being leaked in advance to stock market operators.

Mr. Julius Shiskin, head of the Bureau of Labour Statistics, announced this morning changes in the timing of the release of such data. He revealed in an interview with a news agency that several complaints had been lodged and that he suspected that some investors were obtaining an unfair advantage in market dealings.

The indices in question, all issued by Mr. Shiskin's department, cover unemployment and consumer and wholesale prices. These are normally available to a select group of people, including the President and his senior economic advisers, 24 hours before they are made public.

On the day of publication, the statistics are again normally made available to a wider group, including newspaper reporters, at 9 a.m., but announcement of the details is embargoed until 10 a.m., which is when the stock market opens.

Saccharin ban may be total

WASHINGTON, June 28

THE FOOD and Drug Administration says new evidence that saccharin can cause bladder cancer in males may force the agency to ban its use for any purpose, even for diabetics.

Commissioner Donald Kennedy said yesterday the FDA has extended the comment period on the saccharin ban for two months to review a new Canadian study. The FDA moved against saccharin in March because of Canadian tests showing big doses can cause cancer in rats. The more recent study which links saccharin to bladder cancer in human males, shows a 80 per cent higher incidence in saccharin users than in non users.

Mr. Kennedy told a House of Representatives subcommittee the FDA opposes legislation blocking a saccharin ban for 18 months to allow for further scientific reviews, saying "present evidence is adequate to take saccharin off the market."

"Our purpose in extending the comment period should not be misinterpreted as a weakening of our decision to remove saccharin from the food supply," he said. "Our only purpose is to examine, in the light of the important new findings, whether saccharin should remain available for any purpose."

Lower courts had upheld the validity of this Act, but Mr. Nixon's appeal to the highest court had argued that the Act violated the principle of the separation of powers, undermined the Presidential privilege of confidentiality and interfered with his own personal right to freedom of association, as guaranteed by the first Amendment to the U.S. Constitution.

The Supreme Court, however, ruled by seven votes to two against the former President. His only supporters were two men he had appointed to the court, Chief Justice Warren Burger and Justice William Rehnquist. His other two nominees, Justices Harry Blackmun and Lewis Powell, sided with the majority.

Justice William Brennan, who wrote the majority opinion, acknowledged that the period leading up to Mr. Nixon's resignation in 1974 was one of "political turbulence unprecedented in our history," which had made assessment of the constitutionality of the Act of Congress very difficult.

"But," he went on, "this court is not free to invalidate Acts of Congress based upon inferences we may be asked to draw from our personalised reading of the contemporary scene or recent history."

Today's ruling does not mean that the documents and tapes will shortly be made public. The Act of Congress requires Congress to come up with a way of screening the Presidential documents before they can be released; these regulations themselves could well be the subject of future litigation.

withdraw from most of the occupied territories. Many of Israel's friends in the U.S. were as surprised as the CIA by Mr. Begin's victory.

His meeting with Mr. Yitzhak Rabin, then Israeli Prime Minister, went badly. The American Israel Public Affairs Committee which lobbies on behalf of Mr. Rabin's party was obviously irritated by what he called Mr. Rabin's abrasiveness. Then there was a new U.S. overal peace plan Israel was founded. Mr. Begin which demanded far-reaching concessions from Israel, talking and effectively an unknown quantity of "a defensible border," a "Palestinian homeland," and an Israeli withdrawal to its 1967 boundaries with only minor alterations. The President even shook hands with a delegate of the Palestine Liberation Organisation at the United Nations.

Many Jews in the U.S. believe that this "pro-Arab" activity has weakened Mr. Rabin contracts and the like. All it began to look as though the Administration was seeking to impose a settlement on Israel, even though all Mr. Carter's senior foreign policy officials of us were frightened that perhaps this is not the case.

Whether that weakened Mr. Rabin or not the Administration erode and leave us in a very made very little secret of its exposed position," one Zionist dismay when Mr. Menahem official said. That could still

Referring to this vote in an article in Foreign Affairs magazine last April, Mr. George Ball, former Democratic Undersecretary of State, said that it was vital that Mr. Carter should resist this kind of pressure. But although many in the foreign policy establishment would undoubtedly share this view, the country at large remains as much a minority view as ever and there does not seem to be very much support for new pressure on Israel.

The second prong of the Israeli lobby's counterattack is now the President's National Security Adviser. Israel's friends have always distrusted the establishment view of Israel and are ready to lay much of the blame for Mr. Carter's approach at the door of Dr. Zbigniew Brzezinski. A section of this establishment and now the President's National Security Adviser.

Israel's friends have come to the conclusion that it is Dr. Brzezinski who has "captured the President's ear" as one of them put it. Each morning,



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OVERSEAS NEWS

S. Africa United Party to disband, seek broader base

BY BERNARD SIMON

THE UNITED Party, once South Africa's ruling party and for the past 29 years the leading opposition group in Parliament, is to be disbanded, according to a decision reached at a special congress of the party in Johannesburg today.

Addressing the congress, Sir de Villiers Graaff, the UP leader, said: "We are in danger of becoming irrelevant because at this critical and dangerous time in our history we are not broadly enough based to attract sufficient support to challenge a Government which has done South Africa irreparable harm and has no solution to problems many of which it has created itself."

The UP has 30 seats in the 171-seat South African Parliament, while the Democratic Party does not have any. The Progressive Reform Party has 12 seats, mostly in the rich, liberal, English-speaking areas of the country, but all opposition groups are dwarfed by the 123 seats held by the ruling National Party of Prime Minister John Vorster.

Ethiopia airlifts troops to Eritrea

ADDIS ABABA, June 28.

ETHIOPIA has started a massive airlift of troops to the north and southeast of the country in a fresh attempt to crush guerrilla movements threatening the future of the Marxist military government, diplomatic sources said today.

THE SAUDI ARABIAN MONARCHY

Secrets of the succession

BY RICHARD JOHNS



King Khalid holding court at the Wellington Hospital last February.

IN NO country in the world is the centre of power veiled in so much secrecy as in Saudi Arabia. And in no respect are the workings of the system so obscure as on the question of the succession. It is considered an impertinence for a Saudi commoner—let alone a foreigner and infidel—to speculate on this subject.

Yet inevitably people will do so, and with good reason given the Kingdom's position as the leading oil-exporter and possessor of a quarter or more of the world's proven oil reserves. Reports that King Khalid may abdicate soon appear to have some substance. He succeeded to the throne following the assassination of King Faisal by a half-cousin junior member of the Royal Family, being apparently, a compromise choice made with a commendable speed that helped ensure a smooth transition.

The decision about the succession rests deeply—and somewhat—on the person of the Crown Prince, Faisal bin Abdul-Aziz. This is, in effect, a choice between two men of very different backgrounds and personalities. King Abdul-Aziz, founder of the Monarchy, who died in 1953 having sired no less than 42 sons. His splendid performance was not, of course, without political intentions as well as significance.

The royal couch and a fairly rapid turnover of the maximum of four wives allowed by Islam was well used to strengthen the House of Saud's ties with the important tribes of the region, including one which over the past two decades has had a particular importance.

of the progressive Fahd element. Opinions and reports about state of King Khalid's health have varied, but it is clear that he is in poor health—suspected as early as 1966 underwent heart surgery in U.S. This spring, it seems made clear his wish to abdicate. The consensus now is that should take his place. This leaves open the thicket of who should become next Crown Prince.

The obvious choice was Prince Abdullah, next in line and trusted by the die-hard servatives. He commanded allegiance of the tribes could be seen as the ye backbone of the Kingdom. They also favoured Prince Guerd—nr "White Army" force originally established developed to counterbalance conventional armed forces any threat that might have to the regime.

OAU debate convention on mercenaries

LIBREVILLE, June 28.

AFRICAN FOREIGN ministers, concerned about outside interference in the continent's affairs, debate today the question of mercenaries.

Opposition in Pakistan threaten new agitation

ISLAMABAD, June 28.

PAKISTAN'S nine-party opposition today accused the Government of hocking talks on an agreement to hold new general elections aimed at resolving a three-month-old political crisis.

to-day, but the Government negotiator, Finance Minister Abdul Hafeez Pirzada, had accused the Alliance of issuing a threat to an ultimatum by insisting that its proposals were not open to negotiation.

The troops were being flown north to reinforce the 25,000 regular troops already fighting Eritrean secessionists. The 20,000 Eritreans, fighting for total independence, recently scored a series of significant military victories and claim to control the entire province except Asmara itself and several other towns defended by troops.

A large advertisement for Banco do Brasil. The main headline reads 'AUSTRALIA: THE CONTINENT THAT WAS LACKING.' Below this, it states: 'After establishing more than 1000 branches in its own country and 38 offices spread over America, Europe, Asia and Africa, Banco do Brasil inaugurates, on June 29th, its first Australian office in the AMP Centre, 50 Bridge Street, 25th Floor, Sydney - NSW - 2001.'

A smaller advertisement for Banco do Brasil. It features a kangaroo logo and the text: 'BANCO DO BRASIL OPENS ITS OFFICE IN SYDNEY, AUSTRALIA.' Below this, it lists various international branches: 'FRANKFURT • HAMBURG • BUDAPEST • BRNO • PRAGUE • VIENNA • LISBON • MADRID • CHICAGO • LOS ANGELES • NEW YORK • SAN FRANCISCO • PARIS • GRAND CAYMAN • AMSTERDAM • ROTTERDAM • LONDON • TORONTO • MONTREAL • LAGOS • PANAMA • BOGOTA • ASUNCION • PUERTO RICO • ST. PETERSBURG • LIMA • LISBON • GUATEMALA • GENOVA • MONTEVIDEO • WASHINGTON'.

Truce called in Beirut between Palestinians

BEIRUT, June 28.

PALESTINIAN LEADERS achieved a fragile truce today between rival guerrilla factions after a night of mortar and heavy machine-gun battles involving several hundred fighters.

Syrian Defence Minister visits Moscow

By Our Foreign Staff

THE SYRIAN Minister of Defence, Major Gen. Mustafa Tlass, flew to Moscow yesterday in the wake of reports of high level consultations by Arab front-line states to coordinate their attitude to new hard-line Government in Israel.

Lebanon bank Licences decree

BEIRUT, June 28.

LEBANON'S Council of Ministers last night took steps to regain international financial confidence in Lebanon by approving licences for new banks.

Brighten your day with a success story

An advertisement for Cwmbran New Town. It features a large image of a house and the text: 'Brighten your day with a success story CWMBRAN NEW TOWN'. Below this, it describes the town's amenities: 'When you plan to expand or begin manufacture in Britain, Cwmbran's experience can be of real value to you. For Cwmbran is one of the most successful industrial developments in the world. Cwmbran Development Corporation built almost 60 factories in a two year programme and built them all within a year. Already more than 170 industrialists have made Cwmbran their industrial home. We know the problems of relocation and have solved them. Trains and only 50 mins. away by the new High Speed Train and only a little over two hours by car. We are 90 mins. from Birmingham by M4/M5. We have 35,000 sq. ft. of office space, schools and shops, and every facility for work and leisure. Modern factories and leasehold sites are still available. We have a wide range of welcome enquiries from industrialists in the U.K. or abroad who wish to expand in a beautiful area with the overseas who grant. Substantial rent concessions may apply. The key men who come with new industry can be housed immediately. Get the facts. Please use the coupon or write or telephone today.'

WORLD TRADE NEWS

Scandinavia gives \$320m. boost to Airbus project

BY WILLIAM DULLFORCE

Scandinavian Airlines System has signed a letter of intent for 12 Airbus A-300B-2 aircraft...

Scandinavian Airlines System has signed a letter of intent for 12 Airbus A-300B-2 aircraft...

STOCKHOLM, June 28.

SAS is believed to have plumped for the Airbus because the American companies have no aircraft available with comparable operating economics for both short and medium hauls.

GM in \$60m Yugoslav car deal

General Motors and Livovica Zvezda...

General Motors and Livovica Zvezda, Temerin, Yugoslavia, have signed an agreement for a joint venture...

Kuwait port expansion

Kuwait has signed a \$113m. contract with the South Korean Hyundai Construction Company...

Kuwait has signed a \$113m. contract with the South Korean Hyundai Construction Company to expand the Shuaiba port...

Israeli trade campaign

The Israeli Government has launched a campaign to encourage American businessmen...

The Israeli Government has launched a campaign to encourage American businessmen to manufacture in Israel...

Bulk cargo agreement

Jensens, the International shipping group, has linked up with Abdul Latif Jameel...

Jensens, the International shipping group, has linked up with Abdul Latif Jameel Establishment of Jeddah...

Nigerian mill order

THE INDUSTRIAL and steam turbine division of GEC Turbine Generators has been awarded a contract worth over £2m...

THE INDUSTRIAL and steam turbine division of GEC Turbine Generators has been awarded a contract worth over £2m for the supply of two 30,000 kw generators...

MICHAEL CASSELL ON THE GOVERNMENT'S HOUSING REVIEW

Need for a more selective approach is emphasised

People in England and Wales have never before had the choice of standards of the great majority...

At the same time, policies would have to ensure that the 30m householders who have shaped their budgets round certain broad expectations...

Sharing

In 1951, there were nearly 10m households in England and Wales...

In 1951, there were nearly 10m households in England and Wales living in physically unsatisfactory conditions...

Tax relief

All relevant factors, such as past and expected movements in incomes and costs...

All relevant factors, such as past and expected movements in incomes and costs and prices, would be considered and such a system would avoid the need for irregular and sharp changes...

Points in the new strategy

THE MAJOR points in the review's 74 recommendations are:

1. Housing survey. A national housing survey and a survey of vacant dwellings will be launched later this year.

Mortgages

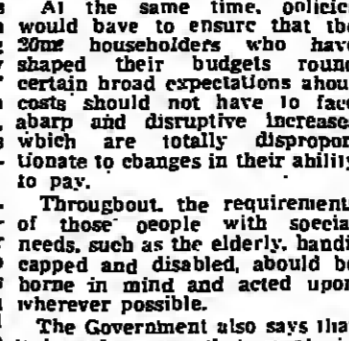
Size of individual loan for house purchase.

Size of individual loan for house purchase. Building societies should extend the practice of requiring an existing mortgage to plough-back...

Savings bonus

Loans on older properties.

Loans on older properties. More building society lending on the sale of an existing unimproved and converted properties, will be an essential part of local housing strategies.



The old and the new. Renovation must go on side-by-side with construction.

The old and the new. Renovation must go on side-by-side with construction.

Repairs

Repair and improvement grants for houses in multiple occupation.

Repair and improvement grants for houses in multiple occupation. Grant will be made available towards the cost of repairs in houses in multiple occupation...

Consent

General consent to the sale of council houses will be allowed to stand for the present...

General consent to the sale of council houses will be allowed to stand for the present but will be considered in the light of emerging local strategies...

Japan boosts van sales in U.K.

BY CHARLES SMITH

JAPAN'S SHARE of the U.K. market for light commercial vehicles—a sector not covered by the so-called voluntary agreement covering Japanese passenger car exports to Britain—appears to have doubled last year.

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TOKYO, June 28.

Just under 1,300 Cherry vans were shipped to Britain during the first five months of the year.

Libyan telecoms deal

NIPPON ELECTRIC has received a \$5.5bn. order for two microwave communications systems...

NIPPON ELECTRIC has received a \$5.5bn. order for two microwave communications systems from Libya to expand its telecommunications network.

TOKYO, June 28.

The plant with an annual calculating capacity of 250,000 tonnes, will be built at the Pahlabi steel complex south of Tehran by August 1978.

Trade surplus problems outlined

JAPAN'S visible trade surplus with other industrialised countries reached \$8.67bn. in 1976, up from \$2.37bn. in the previous year.

JAPAN'S visible trade surplus with other industrialised countries reached \$8.67bn. in 1976, up from \$2.37bn. in the previous year.

TOKYO, June 28.

MITI said the rapidly mounting surplus resulted in stronger demands for Japan to play a bigger part in dropping up the world economy.

Industrial strategy talks to-day

THE first of two seminars on the role of the Export Credits Guarantee Department (ECGD) in the industrial strategy will be held at NEDO...

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BY MARGARET HUGHES

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EXPORT CREDITS

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Payments loss

Invoicing in sterling while financing in foreign currency will be in any case not popular with the Government since it represents a potential loss to the balance of payments.

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Export Credits Guarantee Department (ECGD) in the industrial strategy will be held at NEDO...

Benefit

ECGD will explore with the SWPs ways of ensuring that exporters derive full benefit from the department's range of facilities and has prepared for the seminars three detailed background papers on export credit insurance, bank finance and other special facilities.

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BY MARGARET HUGHES

VILLAS FOR SALE RIYADH SAUDI ARABIA. Compound Development 1.5km from King Fahd Road. Single-storey, air-conditioned villas. Two bedrooms, two bathrooms, swimming pool. Immediate occupation.

Mr. Nadim El-Gawhary Mr. J.F. Bedford Al-Azhalah-Bryant Construction Co. Ltd. P.O. Box 2202 RIYADH Telephone: Riyadh 28957 or 25415 Telex: 20017 ALZAHARA SJ

السؤال الأول

HOME NEWS

Rebate hopes for gas users dispelled

THE GOVERNMENT has killed any hopes of a rebate for gas consumers following the row over British Gas Corporation's profitability.

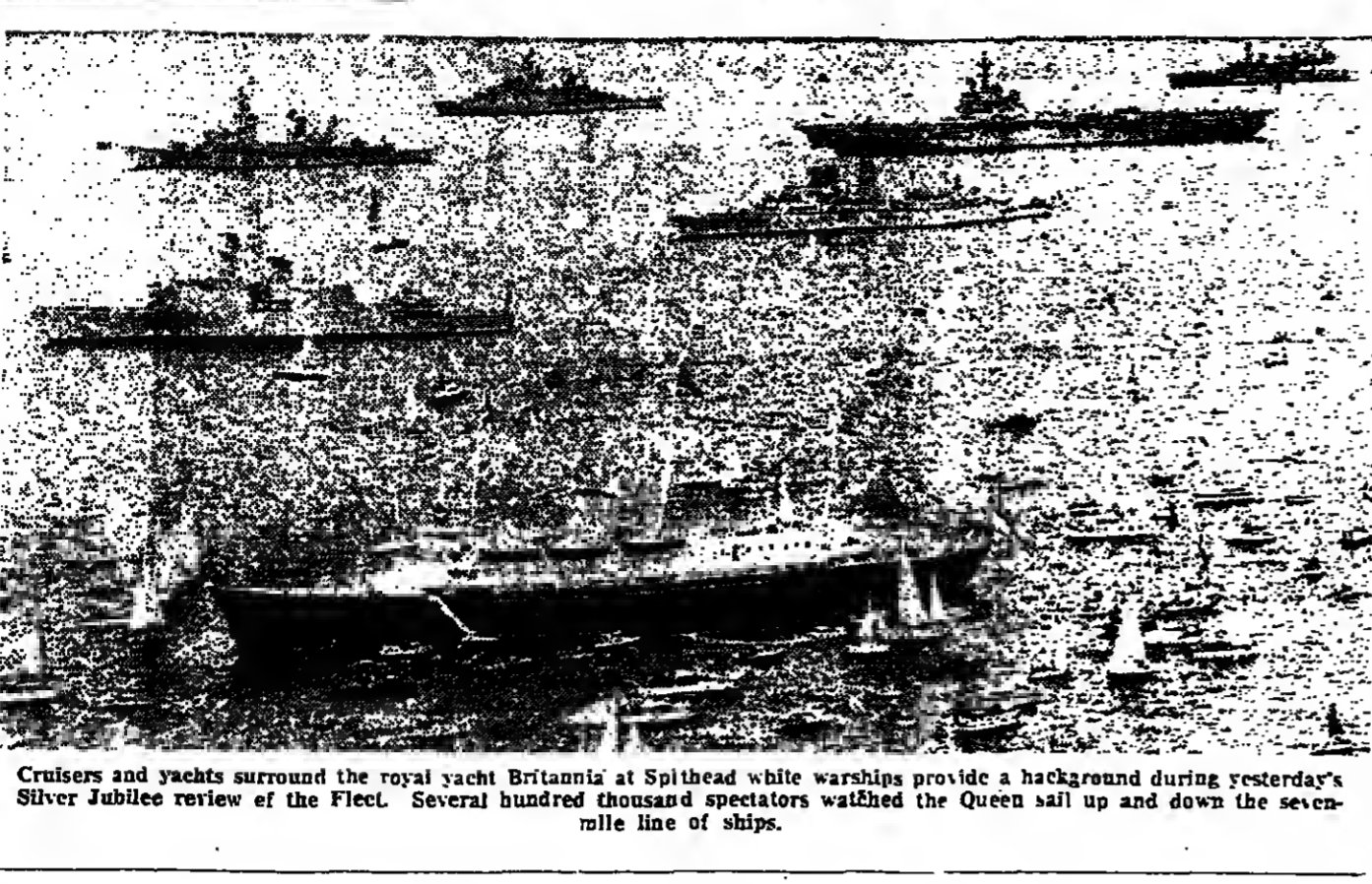
The Department of Energy said yesterday: "There is no plan in this department for a repayment of any excess profit that may have been earned last year."

Marine unit still needed - Mulley

THE DECISION taken under the 1975 Defence Review to disband No. 41 Royal Marine Commando comprising about 700 troops when at full strength, has been reversed by Mr. Mulley, Secretary for Defence.

U.S. platform factory to open in Cumbernauld

MORE WORK is coming to Cumbernauld New Town, near Glasgow, as a result of the American-owned JLG Industries' decision to develop an assembly and production complex there.



Cruisers and yachts surrounded the royal yacht Britannia at Splhead while warships provide a background during yesterday's Silver Jubilee review of the Fleet. Several hundred thousand spectators watched the Queen sail up and down the seven-mile line of ships.

Better criterion proposed for setting fiscal policies

THE USE of a full employment measure to the budget balance—a criterion used in the U.S., Germany and the Netherlands—would have helped to prevent the major fiscal policy errors of the 1970s, it would provide a much better guide than the "primitive, perverse and potentially damaging" commitment to limit public sector borrowing within a fixed ceiling, according to a study commissioned by the Institute for Fiscal Studies.

Table with 3 columns: Year, Actual, Full employment. Rows for years 1970-1979.

Professor Robert Nellid, of Cambridge University, presenting the preliminary findings of the study, said that under the public sector borrowing requirement regime the Government could cut taxes only if activity rose, and might even have to increase taxes or cut public expenditure further if a deepening recession reduced its revenue.

but failed to check the growth of public expenditure. The deficit on a full employment basis reached 3.1 per cent of GNP in that year.

Shell modifies Fife gas plant design in light of Qatar fire

SHELL WITNESSES from Holland and the U.K. admitted at a public inquiry yesterday that the design of the Fife gas plant was flawed.

Technical advisers from Shell have been admitted as observers to the inquiry.

Autumn transport changes aim

THE GOVERNMENT has begun to prepare consultation papers on its transport policy proposals in the hope that legislation can be introduced in the autumn session of Parliament.

It would include consideration of the new requirements for county councils to produce five-year public transport plans, of changes in the rules relaxing limits on concessionary bus fares, and of arrangements for bus licensing.

Ulster youth problems debated

THE LONG-TERM effects of exposure to violence on Ulster's youth was underlined yesterday by Mr. Don Conannon, Minister of State for Northern Ireland, at a central question when he opened a one-day conference on the problems facing young people in the Province.

The most severe squeeze previously known was the Jenkins squeeze of 1970, which amounted to a Government financial surplus of 2.7 per cent on a full employment basis.

Late-night arrests

"What we have in Northern Ireland is a legacy of violence, of seven years of heightened tension and inter-community conflict."

Fox hunt chat stirred Paul Wates' suspicions

A CHANCE conversation during a fox hunt gave Mr. Paul Wates, a director of the building company, the first hint that his £386,000 country home was not all he thought it was.

Unions critical

Unofficially the view at British Rail is that real fares must increase substantially on these lines over a period because of the Government's decision to cut passenger service subsidies by £20m.

LABOUR NEWS

AUEW campaign for on engineering union

BY ALAN PIKE, LABOUR STAFF

THE AMALGAMATED Union of Engineering Workers is launching a surprise initiative to woo other unions into merger talks and revive its long-sought objective of a single organisation for the engineering industry.

long regarded by many AUEW members as a natural group in which to merge—and the General and Municipal Workers Union.

Counter-bid

THE AUEW has not yet said which unions it will be approaching, but a counter-bid from the G.M.W.U. approaches to the Boilermakers must be a possibility.

Retailers fight return to free pay bargaining

THE BIG retailers have told the Government they oppose a return to free collective bargaining, in spite of the knowledge that it could mean a dramatic upturn in their depressed business—at least in the short run.

Investment call by Leyland diesel men

A WARNING that British Leyland's future as a major manufacturer of diesel engines was in doubt unless multi-million pound developments were sanctioned by a trade union last night.

Detail of coal incentive plan still to be agreed

THE WORKING party discussing details for a new pit-based incentive scheme for miners has still to reach agreement on a number of points before formal union-management negotiations can start.

£160m. Tyne Metro line running nine months late

THE £160m. Tyne Metro scheme is running about nine months behind schedule because of labour disputes and the Government's reappraisal of the project.

Rolls plant closure postponed

THE SHUT-DOWN had originally been ordered from industrial action in protest at disciplinary action against one man.

Oxford city teachers on strike

Thousands of children in the Oxford city area stayed at home yesterday as Britain's first major teachers' strike for a number of years got under way.

Ferry strike off

BRITISH RAIL seamen at Dover yesterday voted 97-54 to call off a 48-hour strike due to have started at midnight, which would have stopped eight BR ferries operating from Dover and Folkestone.

Tyre jobs lost

REDUNDANCIES in Tyne and Wear in the first quarter of this year totalled 4,300, double the number of jobs lost to the previous three months.



Pollu

...of pollution... aspect of the... laboratory... dealing with...

Chipperfield

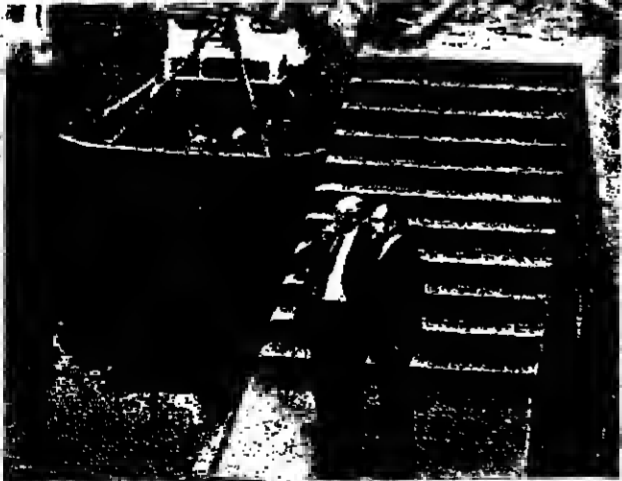


Dr. Philip Chipperfield with Robert Heller of ICI's Brixham Laboratory.

Pollution. Is Britain winning the battle?

ICI's Dr. Philip Chipperfield talks to Robert Heller, Editor of 'Management Today'

Environmental pollution has become a "cause celebre" in recent years. There have been some visible improvements - the air in our cities is measurably cleaner. But what about other, less obvious types of pollution? To find out how ICI is tackling one aspect of the problem, Robert Heller questioned Dr. Philip Chipperfield, head of ICI's Brixham Laboratory, one of the world's leading authorities on dealing with water pollution.



"In Britain our anti-pollution record is pretty good - at least equal to any other country".

Heller: To many men in the street, the industrial company is seen as a kind of blundering, selfish oaf who given half a chance would have the entire planet polluted.

Chipperfield: That's really an illogical idea when you come to examine it... after all, industry consists of ordinary people who share, with the public at large, a growing awareness of the need to preserve the natural order of things. Dealing with pollution involves a strong element of self-preservation which some conservationists don't, I think, appreciate.

Heller: But accidents can still happen - either from ignorance or sheer mishap.

Chipperfield: Of course. But one of the things I've seen develop over the years, not only within ICI, but with all major chemical companies, is a much greater awareness by all people in a plant of the

hazards involved, and of the importance of following the correct procedures.

Heller: To avoid prosecution?

Chipperfield: More than that - social responsibility is involved, as well as the law and economics. In fact, industry's record in Britain is pretty good and certainly at least equal to any other country.

Heller: How can one measure the reduction of pollution?

Chipperfield: Over the past seven to eight years there has been a constant improvement - at the present time over 86% of the 17,000 miles of rivers in England and Wales are classified by the Department of the Environment in the two top classes of purity and less than 4% are considered badly polluted.

Heller: Let's get down to specifics. What exactly do you do here at Brixham?

Chipperfield: For many years ICI was the only company actively involved in the whole field of water pollution research. We began in the early 1950's. Our main job is to provide all parts of the company with a comprehensive advisory and investigatory service on the treatment and disposal of liquid wastes and related problems. This involves hydrographical, biological and chemical surveys of the discharges of effluents into rivers, estuaries and coastal waters - using our own mini-hovercraft and diving team when necessary. Then there is the detailed lab work - investigating the possible effects of effluent and chemical products on fish, or sewage treatment processes, for instance.

Heller: What other things do you do?

Chipperfield: We also supply an external consultancy and information service to other industries, consulting engineers, water authorities and so on. And we work closely with national and international trade associations and with government departments.

Heller: Do you often find yourself having to give the thumbs down to a product because of its environmental effect?

Chipperfield: Not products but processes. A number of processes have been changed or even abandoned because of this.

Heller: Has legislation added vastly to the costs of constructing chemical plants in this country?

Chipperfield: Effluent treatment and disposal, in terms of overall capital cost, can range from under 2% to 15% of a particular investment. But it's very difficult to disentangle the direct effect of legislation from the belief, certainly in ICI, that the environment should be free from hazard and pleasant to live and work in. Clearly, it is no more desirable or necessary to live in filth and squalor industrially than in the home.

Heller: Is there any new treatment technique that has been developed recently in the laboratory, which enables you to do things you couldn't do before?

Chipperfield: Well, our principal contribution to biological treatment we call Flocor. Basically it's a kind of corrugated plastic, which the effluent flows over; the plastic holds a film of bacteria in contact with the water flowing over it. These bacteria take in oxygen and oxidise the effluent, using the effluent as food, producing water and carbon dioxide.

Heller: What industries use it?

Chipperfield: Oh - distilleries, breweries, food industries, organic chemicals industries - any

industry which the normal processes can't handle very well. Flocor is now sold by a special ICI group, Pollution Control Systems. They also market products developed by other parts of the company such as the 'deep shaft' system for treating effluent on inland sites and a new oil/water separation process.



Brixham provides a comprehensive advisory and investigatory service on the treatment of liquid waste.

Heller: What about the oil spillage problems, offshore?

Chipperfield: We have been involved with two of ICI's divisions in extensive tests at sea of a new oil-slick dispersant which is much more effective, and has been a major improvement. In fact we've arranged for stocks to be kept in the Torbay area to deal with any local problems.

Heller: Has your work here at Brixham become in a sense easier today? Presumably most of the problems you see have been answered before in some way?

Chipperfield: No, I don't think one can say one is in a surprise-free situation. It's only as experience has grown that the complexity of many problems has become clear. But while there's still much to do, we in Britain can be reasonably well satisfied with what's happened so far. It's now a question of constant improvement.



Investigating the effects of pollution on fish and aquatic organisms.

Ideas in action



July 1977

APPOINTMENTS

LEASING CONSULTANTS London Based Salary Negotiable * A good opportunity to join a unique and rapidly growing specialised leasing service...

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of E. BERGIN LIMITED and in the Matter of The Companies Act, 1948.

RESIDENTIAL PROPERTY

BUCKINGHAMSHIRE Central London 19 miles, Heathrow 6 miles A WELL KNOWN COUNTRY HOUSE IN A PARKLAND SETTING

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of A. R. SOUTH AND SONS LIMITED and in the Matter of The Companies Act, 1948.

Slower food prices rise forecast

FOOD prices will rise more slowly for the rest of the year, and into 1978, according to Birds Eye Foods...

HOME NEWS British Gas urged to spend £400m. on new mains

BRITISH GAS is urged in an inquiry report to spend £400m. on replacing part of its main system to avoid a repetition of the serious gas explosions this winter.

CONTRACTS AND TENDERS

YEMEN ARAB REPUBLIC MINISTRY OF AGRICULTURE The Government of the Yemen Arab Republic invites tenders for the delivery, set-up and initial management of a poultry farm...

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of JAY ARROW LIMITED and in the Matter of The Companies Act, 1948.

£25m. plan

The growth target is backed by a five year expansion plan, the cost of which at current prices is likely to be around £25m. on existing sites...

Welding contest attracts best in British industry

WELDERS, WHO can earn up to £300 a week, are the unchallenged kings of industry. Yesterday, 12 of the best in Britain demonstrated their expertise to 500 industrialists at the Great British Welding Championship...

GENEVA Full Service is our Business Law and Taxation Mailbox, telephone and telex services.

PUBLIC NOTICES

H.M. LAND REGISTRY LOST CERTIFICATE It is proposed to issue a new Certificate to replace the one described below...

Two-litre Toyota launched

TOYOTA U.K., the second largest Japanese car importer in Britain, yesterday launched a new competitor in the two-litre sector of the British market.

No seat for offshore industry on Energy Commission

THE GOVERNMENT has set up a 22-man energy commission to advise on energy policies. The body will have an important role to play in the formulation of energy policy...

DONNELLY DUBLIN LIMITED A unique opportunity to secure a major segment of the bacon industry in Ireland is the offer for sale by tender of Donnelly Dublin Limited...

PUBLIC NOTICES

H.M. LAND REGISTRY LOST CERTIFICATE It is proposed to issue a new Certificate to replace the one described below...

Bets duty raises 15% more

BETTING and gaming duties last month totalled £55.6m, 15 per cent higher than in May last year, according to provisional figures issued by Customs and Excise.

APPOINTMENTS Changes at GKN Rolled and Bright Steel

Reorganisation of the Cardiff-based Rolled and Bright Steel subsidiaries will result in the formation of a new division within the sub-group. This division will comprise the Bright Steel, GKN Somerset and GKN Bright Steel...

MOTOR CARS

FERRARI CARS

QUALITY, INVESTMENT, APPRECIATION AND PLEASURE 365 GT4 2+2 (1975) met brown, tan interior, one owner, low mileage...

Handwritten note: *Just in file*

A diplomatic argument in favour of the Peugeot 604.



When the Elysee Palace decided some time ago to update the French Ministerial fleet, the Peugeot 604 seemed an obvious choice.

Not surprising when you consider the special requirements of the senior decision-maker, requirements not so different from your own perhaps.

The car must have a style befitting the passenger's position in the world. But without announcing his presence too loudly.

It should provide comfort, tranquillity and security. And it should be as at home in town traffic as it is at high speed on a motorway. The combination of a powerful but refined 2.7 litre, V6 engine and the power assisted steering

of the 604 make for relaxed driving at all speeds.

It goes without saying that the creature comforts of such a car should be comprehensive. Electrically operated windows front and rear and an electric sun-roof are standard. As are the subtly tinted windows and beautiful metallic paint finish.

To aid relaxed discussion, there is more than ample leg and head room in the back. And for added luxury, leather upholstery and air conditioning are also available.

Finally, as with all Government decisions, a major consideration was price. The Peugeot 604 starts at around £6,500.

End of argument.

- I am interested in the Peugeot 604, please send me a brochure.
- I am interested in duty free purchase for re-export.

Name _____
Address _____

17

Send to: Peugeot Automobiles (UK) Ltd., P.O. Box 2, Liverpool L4 1UR.
Tel: 01-993 2331 (London Office).

The Peugeot 604

Prices of the superb 604 range start at £6,574, for the velour upholstery, manual transmission model. Alternative models: velour upholstery, automatic transmission £7,024; velour upholstery, automatic transmission, full air conditioning £7,557. Leather upholstery optional at: £336. All prices include car tax and VAT. Prices correct at time of going to press.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

INSTRUMENTS

Calibrator works fast

REPLACING A bank of at least five instruments costing about £12,000 is a new wide band calibrator for high performance digital and analogue multimeters which can carry out a complete test and calibration job in 15 minutes or less, compared with around three hours hitherto.

The Rotek 600, offered with complete backup at just under £7,000 by Datron Sales, of Penmark House, Woodbridge Meadows, Guildford, Surrey, covers the ranges 1 microvolt to 1,000 volts; 1 picoamp to 10 amps dc; 1 microamp to 50 amps ac; 1 ohm to 10 Megohms; 40 Hz to 50 MHz with an accuracy of 40 ppm in dc and 0.05 per cent ac.

In September, the 610, with double the accuracy but covering the same ranges, will become available.

Speed and low cost is not, however, the only aspect a potential user should consider. The instrument has been designed to take as much risk out of testing as possible so that it has become almost impossible to damage the unit under examination even by semi-skilled staff, thanks to a deliberate act to override a warning.

The equipment is available with a variety of interfaces permitting fully automated testing as well as with a program option. Datron, which claims the 600's share of the U.K. market both in calibrators and in digital voltmeters, has set up an extensive standards laboratory at Guildford where it can test accurately at up to 120 MHz, in three years' operations it has sold some 50 calibrators, specialist equipment



The highly skilled craft of sword-making has not disappeared in the U.K. Wilkinson Sword which makes over 8,000 of these weapons every year at its Brunel Road, London, W.2, factory has just produced a run of 100 special swords to mark the Jubilee. The last of these swords is to be presented to-day by Mr. Christopher Lewinton, managing director of Wilkinson Match, the parent company, to the All England Lawn Tennis and Croquet Club at Wimbledon to mark the centenary of the Championships. A replica of a 1750 walking sword each weapon is struck in sterling silver and has an 18 carat gold guard set with 25 diamonds and with the Royal Arms enamelled on the hilt. Our picture on the left shows one of the sword blades being ground to its final profile and section and on the right the assembly of the guard and grip.

ENERGY

Packaged power

A NEED is evident, says Bowmaker (Plant), for electrical generator sets ready assembled in convenient packages that can immediately be put to work on arrival at site.

To meet lead requirements up to 5 MVA at generated voltages up to 13,800 volts the company is therefore making available a "packaged power station" easily handled by crane or by skidding into position, with fuel tanks built in, piped electrical connections and comprehensive environment-proofing.

Diesel generators by Caterpillar are used to a maximum of five, each bay within a modular rigid frame building housing one set complete with control wiring and fuel and exhaust pipework. A daily service fuel tank is housed on the base of each

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engine, bulk supplies being responsibility of the customer who also needs to supply a mobile crane, 750 gallons of water for the cooling system lubricating oil. The site is only one metre g than the building size.

Each station is fully assembled and tested at the factory, re-united for shipment and re-assembled at site by maker personnel. All control pipework has quick-connecting. More from W Street, Cannock, Staffs. SLL (Cannock 2331).

Records on eight channels

FULLY transportable at a weight of 25 lb is a true eight-channel instrumentation recorder from Fenlow Electronics with 7-inch (up to 3600 ft.) reels and three fixed speeds.

Impressive either fm or direct recordings on to 1/2 inch tape, the unit employs a Swiss-made tape transport known to be capable of good performance even under adverse environmental conditions.

At the lowest nominal speed of 1 1/2 in./sec. the recorded band-

width on fm is dc to 625 Hz at a signal to noise ratio of 38 dB. On direct record the bandwidth is 20 Hz to 15 kHz. Wow and flutter are 0.00 per cent. All eight channels are recorded in any combination of direct or fm modes. A signal to noise ratio of 44 dB is achieved at the highest speed of 30 ins./sec.

A meter on each of the eight modules monitors signal amplitude on both record and playback. Outputs are ±5V bipolar or 0 to 10 V at 5 mA maximum with 1 ohm impedance.

The equipment can operate between -10 and +50 deg. C. in a humidity maximum of 95 per cent and at altitudes up to 25,000 ft. in any operating attitude. More from Jessamy Road, Weybridge, Surrey (Weybridge 43978).

BANKING

Portfolio data at the fingertip

DEVELOPED INITIALLY for its own internal purposes by Lazard Brothers and Co., a suite of computer programs to handle contract calculation and the maintenance and accounting functions on clients' portfolios has been modified to operate on line by CMG and is now being offered as a service by latter's City of London division.

SECURE is the name of the suite and it is operated by Lazard on a medium-scale Burroughs machine to produce automatically when needed dividend accounting, portfolio valua-

tion and detailed statements using a TV-like visual display unit and keyboard.

CMG has decided to offer SECURE because of its suitability for portfolio management by any organisation, not just the merchant banks. It will run through CMG centres but can also be installed on any medium Burroughs machine.

Security and confidentiality have been paid special attention and a series of audit programs forms part of the SECURE package. CMG (City of London), Eastgate, 73, Leaman Street, London E1 8EY. 01-481 3881.

U.S. exchange contract

LOGICA HAS won a contract from the Chase Manhattan Bank to install an on-line foreign exchange system in New York. The contract was won against stiff U.K. and U.S. competition with 10 bidders and marks Logica's first big assignment in the U.S. since the opening of its New York office in February this year.

Chase Manhattan's system, known as "Rofex" (read office foreign exchange) will be the first U.S. installation of Logica's Trader foreign exchange system, modified to the bank's requirements. The first phase, due for completion late this summer, will

offer dealers on-line support for foreign exchange operations. A further phase will handle re-instances and will be ready early in 1978. Finally the system will service the bank's dealers, process all transactions and provide accounting systems for foreign currency.

Logica believes that using Trader (which is based on PDP-11 computers) as an approach to foreign exchange systems will give Chase Manhattan a number of benefits, particularly in areas of cost and control.

Logica, 64, Newman Street, London, W1P 3PG. 01-580 1331.

COMPUTING

Silicon on sapphire micro debut

DESIGNED for product testing and real-time monitoring and control, a new microprocessor-based sub-system uses its built-in intelligence to make its operation easy to understand and program. A user can implement test and control applications in a few hours.

Hewlett-Packard Model 2240A measurement and control processor gives the user a powerful and flexible means to acquire a mix of both digital and analog data and to control digital and analog outputs.

The 2240A is the first in a line of such devices from Hewlett-Packard using silicon-on-sapphire technology (SOB) on which H-P has spent \$20m. to develop. Its price is competitive with much

less intelligent measurement and control sub-systems presently available.

Coupled with the 2240A, the Hewlett-Packard 7000 and the 2100 Series computers, and the 8800 Series desktop computers become powerful tools to acquire and process data and to control physical and electrical processes. In fact the 2240A can operate with any computers equipped with the IEEE 488 standard, all of which produce simple alpha numeric control messages. With appropriate couplers, the 2240A will operate remotely via twisted pair wires or over telephone circuits.

Hewlett-Packard, King Street Lane, Wokingham, Wokingham, RG11 5AR, Wokingham, 784774.

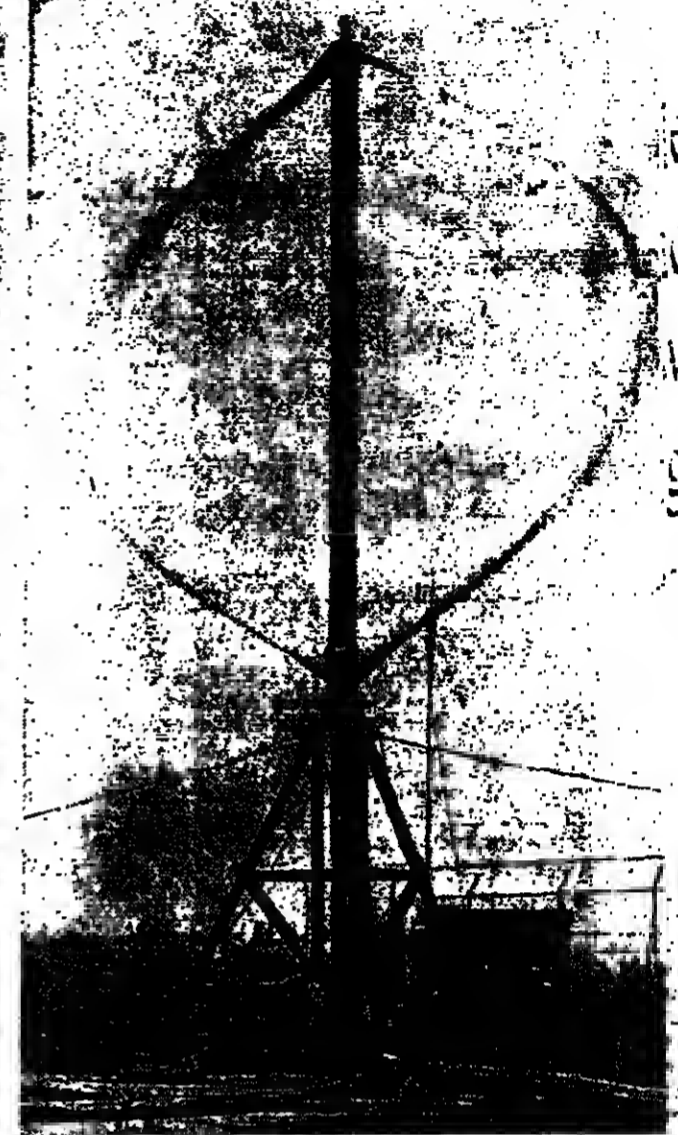
Predicting how pipes will work

SEVERAL PIPELINE layout optimising program suites, of varying sophistication, have been developed in Britain and offered all over the world. So far as is known, however, the pipework performance analysis system, offered by LUCS in Britain in under the name of Pipefit 2, designed at the University of Calgary in the U.S., allows oil, gas and fluid flow engineers to analyse the performance of pipeline networks in terms of flow, varying levels of pressure and temperature and proportions of ingredients to be expected—crude oil, natural gas

and water for instance. The routines in the suite allow automatic calculation of liquid hold-up, temperature gain, pressure drop and mixture consistency.

Until recently, the Pipefit routines have been available in North America only through the United Computing Systems, of which LUCS is a newly acquired subsidiary. It was chosen as the first program suite to be introduced in Britain after the takeover.

More from LUCS at 38 Gordon Square, London, WC1E 9PD. 01-353 1174.



shape of things to come, at least initially in power-hungry areas of the world, is this egg-shaped wind-power generator recently unveiled at the Schiphol plant of Fokker-YWF in the Netherlands. Known technically as Darrieus, the two curved blades are five metres in diameter and are built up from glass fibre reinforced plastic members covered with a

glass fibre laminate and injected with a synthetic foam material. Output of the experimental unit which is very similar to those under development in Canada, looking towards a major national wind-power programme, is expected to be a few kilowatt. But a 50-metre diameter design now on the drawing boards should yield 1.5MW of power.

PROCESSING

Puts flock on walls

SURFACE FINISHES that give the appearance of high quality textiles for use in interior decoration, and on fittings and furniture, can be applied with an electrostatic spray gun developed by Wagner, of West Germany.

The gun is used to spray flock made from polyamide (nylon) or Perlon in a wide range of colours. The basic colours can be mixed to produce almost any shade. It is claimed that the flock resists abrasion, and has an antistatic finish.

Fibre length is 2mm, and the maker says that this traps a

layer of air which helps prevent condensation when used for the wall, indoor swimming pools. The flock has another advantage: it reduces sound reflection. The spray gun operates at 60,000 volts for applying flock to a surface previously coated with adhesive. At temperature drying takes 20 hours, and excess flock removed by brush or vacuum.

Marketing in the U.K. Gray-Campbell, Southcoate, Southport, Merseyside. 051-291228.

HANDTOOLS

Heavy duty clamps

FOUR MODELS of a heavy duty clamp have been introduced by Welwyn Tool Co.

Clamping pressures are up to 3500 kg, maximum clamping distance ranges from 200 to 1000 mm, and throat depth from 120 to 200 mm. The units, to be sold under the trade name Besser, are based on the familiar G City, Herts. (Welwyn 2012.

appliance is mounted in a clamp arm that slides along a clamp shaft. A fixed jaw is mounted at end of the shaft and the jaw on the spindle can be moved into place for clamping. Spindle can be changed to variously shaped workpieces. Details from the company: Stonehills House, Welwyn City, Herts. (Welwyn 2012.

This announcement appears as a matter of record only June 1977

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FINANCIAL TIMES REPORT

Wednesday June 29 1977

Frozen Foods

Sales of frozen foods have continued to rise rapidly despite an overall decline in food manufacturing. Freezers in the home are becoming more popular and a large number of new products are coming on to the market.

Sales reach new heights

By Stuart Alexander

ARE BUTCHERS next for the chop? Put it may be, but it is not the question asked in a review published by Birds Eye, the Unilever subsidiary, this week which looks at, among other things, the progress of the frozen food industry over the last ten years and its prospects for the next four or five.

The traditional butcher still accounts for nearly 70 per cent of the domestic meat trade so will take some time before he disappears. But there are a number of factors conspiring against him, not least property price values, factors which are in turn, are installing the large supermarkets, and are going into the home and are going into the home and are going into the home.

In a year which has been far from easy, frozen food is one

of the few sectors which can claim real growth in volume terms in a market which has seen an overall decline of about 3 to 4 per cent. Britons never were quite as keen as their continental counterparts to spend large percentages of their disposable income on food. And the food manufacturers were hardly surprised when, at a time of lowered spending power, it was their sector which came in for some pruning.

Yet sales of frozen foods, particularly sweets and desserts, and to caterers, have continued to grow. This despite a year which has seen the fishing industry reeling under bans and legislation of various types, and a drought that hit the vegetable crop to the extent that some lines were either in very short supply or ran out completely.

This family of products aimed at the busy housewife is typical of the current trend, though there has also been some development at the luxury end with more exotic dishes from companies like Alveston Kitchens, and further additions to the range like the Chinese dishes from Birds Eye.

Competition within the industry has been growing, reflected at the retail end by the growing number of supermarkets which are adding bulk departments, countered by expansion of the traditional freezer centres into other bulk, and sometimes only very small bulk products such as tea, coffee and canned goods.

Signs

As younger generations grow up there are signs even in a static population that an increasing percentage will turn to frozen foods, with which they have been familiar since birth. At the same time sales of home freezers continue to grow, with added impetus coming from the success of fridge freezers, and more people are more confident about home freezing of breads, cakes and vegetables.

Other new methods of convenience packing have yet to enjoy the success of the freezers and the public has learned to trust the quality of frozen food while at the same time it has lost some of its expensive image—particularly at the time when potato prices rocketed.

U.K. FROZEN FOODS EXPENDITURE 1971-76

	(\$ million—current prices)			Total
	Freezer Owners	Non-Freezer Owners	Catering	
1971	16	149	69	234
1972	30	185	82	277
1973	60	185	100	345
1974	83	210	125	418
1975	120	245	135	500
1976	175	275	150	600

Source: Birds Eye.

Behind the big freezer companies is big money. Unilever (Birds Eye), Imperial Group (Ross) and Nestle (Findus), lead the field and although there was some adverse comment about discount practices, a Monopolies Commission report last year gave the companies virtually a clean bill of health over pricing and concluded that the dominant position of Birds Eye, with perhaps as much as 40 per cent of the market, was not in a monopoly position which was against the public interest.

As well as remaining price competitive the companies have been active in new product development, not always directly related to economic circumstances. For instance, the growth in gourmet ranges has come at a time of economic pressure but has been successful in both the domestic and the catering markets.

At the same time there has been considerable investment in both production and storage (Birds Eye), Imperial Group (Ross) and Nestle (Findus), plan last June of which £2.3m. will go to modernising beef-burger production at Yarmouth and £1.7m. to the fishfinger plant at Grimsby.

Profits

At the same time raw material prices have been rising and this has required an increase in working capital. Therefore one area of control has been manpower, and modernisation often mean increased automation and a decrease in the pay-roll.

Average profits, however, are estimated to be about 8 per cent on capital employed, which is rather higher than the average for the food industry as a whole.

The industry, however, remains nervous and aggressive, using new products as the answer to any retail dip, and new outlets in a more basic bid to improve volume and negate the effects of a trough in consumer demand.

This is particularly true of the fast-food catering business for, whereas some time ago television adverts for such things as cod covered in batter seemed to be trying to lure would-be take-away buyers, the frozen food producers are now moving strongly into that market themselves and are probably benefiting from the standardisation of tastes which this creates.

mean that there has often been no buffer stock to take the front-line strain of erratic buying patterns which are introduced when housewives begin using the supermarket for bulk purchases. It also means that frequent deliveries make for high cost distribution.

According to Mr. Dusty Miller, trading director of Birds Eye, "the urgent need now is to improve the ratio of back-up storage to front-of-house display. The more progressive retailers accept this and are re-planning their reception and display areas."

Minor

"In the U.S. it is common for frozen foods to be drawn from on-site storage and for retail cabinets to be refilled overnight, in the same way that most other grocery lines are handled." The problem was even worse among caterers.

However, these are relatively minor problems. Of far greater importance is the delicate balance between supply and demand, coupled with the ability to react quickly to changes in consumer preference brought about by economic circumstances and occasionally by the weather.

The industry is already grappling with the replacement of the much-loved cod for beef and lamb to pork and poultry, and a replacement for cod, it is unlikely that the present eating trend will alter drastically, and that can only be good for the frozen food manufacturers.

good, both in the home market and, to a lesser extent, in exports. There is growing international trade in frozen food but differing international regulations, including within the EEC, can make serious difficulties and so far much business has relied on shortage rather than main supply.

But frozen cakes have become a significant, if relatively small, export commodity, especially to the Middle East, which seems to have an insatiably sweet tooth.

But the weight of the business is in the home market through supermarkets and caterers. For the time being the major manufacturers will be happy to see only a very steady increase in sales in the early 1980s when the overall economic position of this country, they hope, will be considerably better.

There would then also be the prospect of increased competition as the medium-sized companies, such as McCain International, Associated Fisheries, MacFisheries, and Henry Telfer (J. Lyons) expand their vital distribution arms.

The future will also be affected by the EEC and its Common Agricultural Policy. But in the next five years, apart from the possibility of a switch from beef and lamb to pork and poultry, and a replacement for cod, it is unlikely that the present eating trend will alter drastically, and that can only be good for the frozen food manufacturers.

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Whether palletised loads or hanging meat York provide the right specification. Meat rails, chequer plate or T-section

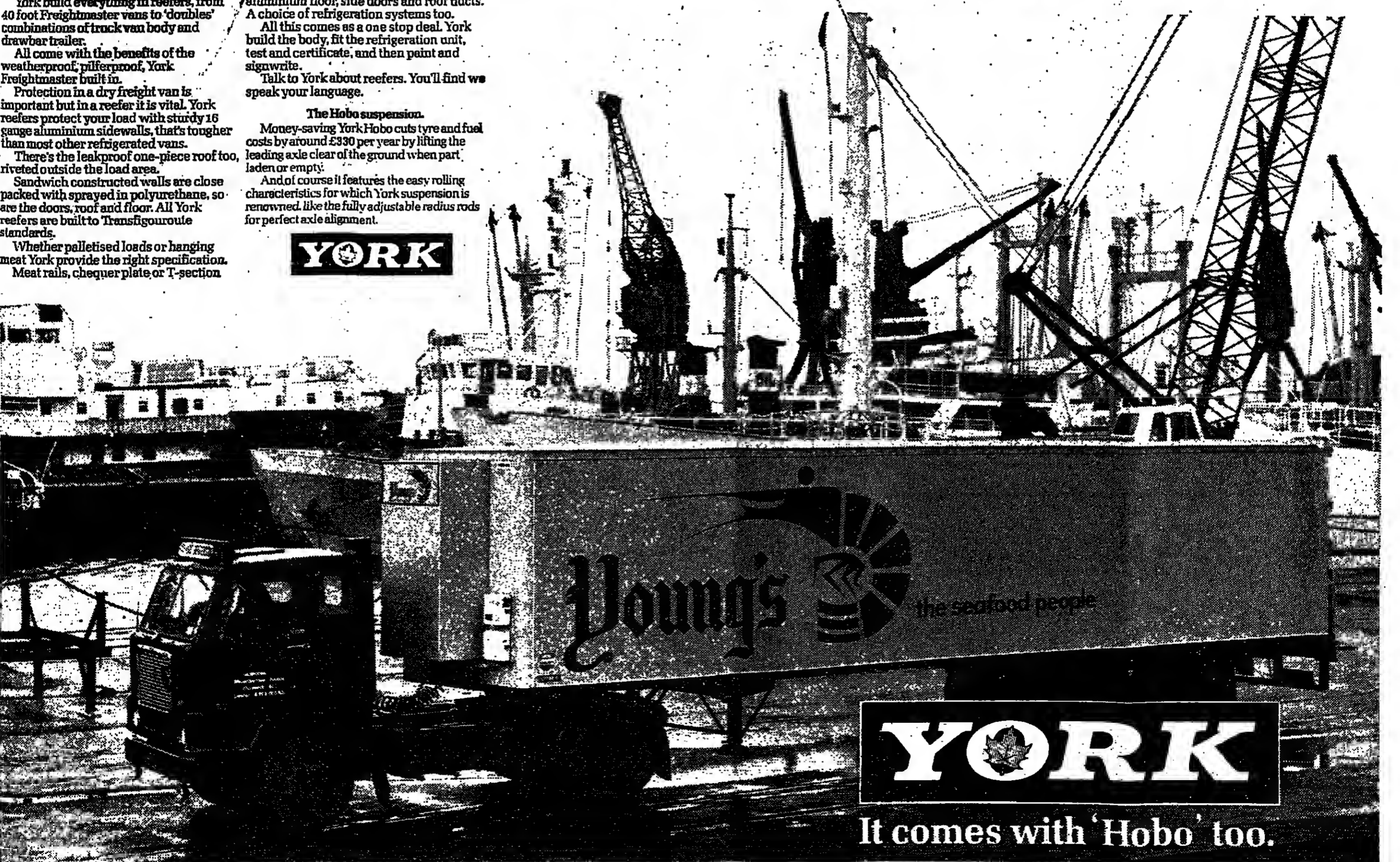
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good business sense.**

The frozen food market is a very diverse one. Frozen foods are distributed in many different ways and are stocked by a variety of different types of outlets: freezer centres, supermarkets, corner shops, cash and carries.

The buyers of frozen food are varied too. Industrial caterers, school meals organisers, restaurateurs, housewives with freezers, housewives without freezers, working mothers, each have different needs.

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Ross offer a first class service to all sectors of the frozen food market. That is why we proudly say that not only do Ross make good family food they make good business sense as well.



Good family food

FROZEN FOODS II

Retailers plan for expansion

SALES OF frozen foods in the U.K. have increased in the last 12 months from £500m. to £600m. per annum. Leaving aside sales to caterers, that means that over £450m. was spent last year on frozen food for consumption at home.

Multiple grocers account for 39 per cent. of this total while the biggest single outlet for frozen foods is the Co-op with 12 per cent. of the market. The Symbol groups' share is 10 per cent. and that of other independents 7 per cent. The remainder is spent through freezer centres which take 16 per cent. and all other stores, including departmental stores and cash and carries, which also take 16 per cent.

There are to-day fewer shops with frozen food cabinets—105,000 in 1976 as against 123,000 in 1971 (this figure excludes freezer centres). However, because multiples usually install three or four frozen food cabinets in supermarkets, total in-store frozen food capacity has clearly risen substantially.

The average allocation of floor space to frozen foods is about four square metres, whereas in the United States store space devoted to frozen foods averages 10 per cent. of the total available. Undoubtedly as frozen food sales continue to grow—and Mr. Kenneth Webb, Chairman of Birds Eye, predicts that the market will be worth £1,000m. by 1980—more room will be needed. This is a

point of view endorsed by retailers. In a recent survey conducted for the Birds Eye Annual Report, 200 store managers in ten major retail chains were asked how much additional space for frozen foods would be needed by 1980. Over 40 per cent. said that frozen foods would account for 10 per cent. more of overall floor space by 1980. Up to 25 per cent. said that as much as 20 per cent. of their total space would be devoted to frozen foods by that time and some put the figure even higher.

Birds Eye also asked the retailers which of the four main categories of food requiring refrigeration—frozen foods, ice-cream, dairy foods and meat—would demand the greatest increase in display space by 1980. Only 4 per cent. did not think that frozen foods would require more display space by 1980.

Nearly two-thirds put frozen foods at the top of their lists and a further 26 per cent. believed that frozen foods would require the second greatest increase. Dairy foods came second to frozen foods as candidates for more in-store refrigerated display space. Almost all the retailers also expected to see a substantial increase in the number of different packs of frozen foods stocked by 1980.

Undoubtedly among the factors involved in the growth of frozen foods sales in this country, the most significant

must be the increase in the ownership of home freezers. At the end of 1973 only 14 per cent. of British households had a home freezer, but by November 1976, according to data published by Birds Eye earlier this year, this figure had increased to 32.3 per cent. Birds Eye are predicting that one in two households will have a freezer by 1980.

Freezer owners have distinct characteristics in terms of food purchasing and consumption—they have a chapter to themselves in government National Food Survey reports—and predictably they buy a great deal of frozen food.

Bulk

Three years ago non-freezer owners spent £210m. annually on frozen foods—over two and a half times more than was spent by freezer owners. Last year freezer owners spent £178m. on frozen foods as against the £275m. spent by non-owners.

It was the freezer centres which first pioneered sales of bulk packs to the owners of freezers and so quickly captured the lion's share of this fast growing sector of the market. The picture is changing though, as the concept of one-stop shopping gains in popularity and supermarkets continue to stock an increasing selection of large packs. Many multiple groups, such as Sainsbury, International and Tesco, have in-store freezer

sections and plan to increase the size and number of these. In 1975 39 per cent. of the total spent on frozen food by freezer owners was spent in freezer centres. In 1976, however, this had increased to 48 per cent. and freezer centres took 36 per cent.

Freezer centres, which currently number about 800, have increased their turnover four times since 1971, although they still only account for 16 per cent. of total U.K. expenditure on frozen foods. Although some independent operators have gone out of business, the multiple freezer chains, such as Bejam, Dewhurst and Gordon Bleu continue to thrive. A relative newcomer to the ranks of multiple freezer centres is the Scottish-based retailer, group Wm. Low. They opened their first low freezer centres in 1973 and followed that within a year by adding another eight.

There can be little doubt that freezer centres—a concept unique in the U.K.—will be around for a considerable time and many of the more enterprising ones are reacting to the challenge of the supermarkets by stocking bulk packs of commodities such as tea and coffee and other non-perishable items like canned fruit and vegetables.

The last couple of years have seen certain changes in the purchase of frozen foods among freezer owners. They are no longer buying so many very large packs but are preferring to buy 2 lb. and 3 lb. packs presumably in order to get a greater variety of products for the money at their disposal.

Superstores and hypermarkets are at the moment mostly concentrated in the North. As they continue to grow in numbers and spread into the South of England they will continue to change the purchasing habits of shoppers.

In a Birds Eye survey for its annual review, housewives

throughout the country asked their reasons for doing their main grocery shopping in supermarkets. 88 per cent. mentioned "good value products" as a reason for their choice compared with only 27 per cent. elsewhere in the country to whom the superstore offers branded products prices which make them of value than the supermarket's own label goods.

Nationally, most housewives prefer to buy branded goods although there is still a strong bond of own label support. Even so, frozen food own label sales have not increased in volume for the past two years. The increase in the number of superstores and in the amount of space in general devoted to frozen foods offer considerable opportunities to the manufacturers refrigeration equipment.

According to Mr. D. Miller, the trading director of Birds Eye, there is now an urgent need to improve the ratio of back-up storage "front of house" display space. The more progressive retail already accept this and adopting the system common to the U.S. where frozen stocks are drawn from non-refrigerated stores and carts are refilled overnight.

This will undoubtedly be necessary as Birds Eye are predicting by 1980 that one-tenth of the products they sell will be delivered in drops of more than 2½ tonnes; smaller independent operators who do not have sufficient back-up storage to take large deliveries will make increasing use of cash carries.

"We are planning growth," says Mr. Miller, "by developing new distribution techniques, case sizes and spread into the South of England; they will continue to change the purchasing habits of shoppers."

Stuart Alexand

The puddings get colder

AS A NATION we are eating less puddings—or sweets, or deserts, the nomenclature varies—but many more of those that we do are now frozen. This includes not only ice cream, where the manufacturers in this booming £264m. market are busily developing ice cream varieties specifically aimed at the pudding situation, but also new brands of frozen foods. For there is also a sweetness in the profit margins in lines of frozen foods which offer something more than the basic product.

This is especially true of frozen cakes which have almost tripled in value terms since 1970. This year sales of frozen cakes are expected to exceed £20m., making it one of the few growth areas in a stagnant market. This expansion is in line with U.S. experience where frozen cakes are a big business, and Birds Eye, for one, has few doubts that the U.K. potential is ripe for exploitation.

The company has invested £2m. in additional production capacity and is spending around £500,000 in 1977 just advertising frozen cakes. It has new lines to support—frozen cream doughnuts have just gone national, and chocolate and cherry layer cake and cream and orange layer cakes are on test in Scotland. Last year's success with cheesecake and chocolate cream pie have also spurred on Birds Eye towards more activity.

But Birds Eye is not having things all its own way. Lyons, still the major force in the cake market, is testing frozen cakes, and the American company Kitchens of Sara Lee has built a factory in Yorkshire to attack the European market.

In the past frozen cakes in the U.K. were built around fresh cream, which made them rather expensive. Now economies of scale are making them a bargain compared with the specialities from the patisseries. Birds Eye, for example, makes 3,000 tons of frozen cream sponges a year, and claims that this is now the third largest cake line in the U.K. It is currently sacrificing its margins on cakes to popularise the sector with retailers and the public and expects the frozen cake market to double in the next five years.

Indeed Birds Eye which believes that frozen cakes are currently the fastest growing area among the frozen foods. The aim now is to convince retailers to give more room for what can be rather bulky items. A wider range is one incentive, on top of generous margins, but there is still the problem as to whether to sell frozen cakes in the general freezer cabinet or place them separately, nearer fresh cakes.

Cakes are now appearing in freezer centres, in particular sponges and eclairs, but this is still mainly a supermarket product. It certainly adds to the interest of supermarkets to see such recently exotic lines

as cheesecake freely available. Cheesecake alone accounts for over 1.5m. of frozen cake sales and the appearance of Sara Lee, with its distinctive brands of American cheesecake, should ensure more growth.

Rather oddly, in a recent survey of store managers, only 32 per cent. forecast growth for frozen cakes in their outlets over the next three years as against 85 per cent. envisaging expansion for frozen vegetables. Perhaps the still low base of the product category is hiding its very real growth. Frozen desserts came better out of the research—51 per cent. forecasting growth.

The distinction between frozen cakes and the most traditional of frozen foods, ice cream, is becoming steadily more blurred. For a start there was the range of mousses, which now have such a hold on the pudding scene, and now there are the cakes like Arctic Log which are almost ice cream, and the ice creams like Choc Cherry Gateau, which are almost cake.

In the past year the ice cream manufacturers have worked hard to produce new lines aimed at adults rather than children (a declining market), and for adults to eat at dinner parties rather than in the dark of the cinema. Such products carry a higher price and profit margin, but even so, while frozen cheesecake has risen by over 10 per cent. in price in a year and frozen chocolate gateau by 8.5 per cent. ice cream is only 6.8 per cent. more expensive.

But the specialisation in more sophisticated ice cream lines is still only the small part of what has been a tremendous ice cream boom. The two very hot summers of 1975 and 1976 are the main factors which have pushed ice cream sales up over 5½ per cent. per annum for the past five years while most other food markets have declined. In 1975 sales rose by £84m. and in 1976 by £52m., to £264m. but even so U.K. per capita consumption per ice cream litre is only 6.80 as against 24.90 in the U.S.

Most ice cream sales are still to children, and in the traditional form, but after years of stagnation the main companies have discovered the profit in new product development and there has been a great widening of the market—the places where ice cream is sold. For example last year 16 per cent. of all ice cream went to freezer owners. One in three homes now own a freezer and of these 80 per cent. buy ice cream, increasingly in the larger two and four litre packs. Freezer owners eat more ice cream and they eat it all the year round—indeed ice cream is now almost 15 per cent. of the average freezer centre's turnover.

But a quarter of freezer owners buy the product through grocers, particularly one litre packs and family sweet dessert

ice creams. All told ice cream sales by grocers totalled £36m. in 1976, and the sector is now significant enough for the big supermarket chains to produce their own brands and to account for sales of £7m.

In the larger superstores and hypermarkets Walls has introduced kiosks selling impulse lines, like ice lollies, as well as the bulk products. There are nine such kiosks open and the signs are that they are doubling or even tripling ice cream turnover. The manufacturers believe that the U.K. could consume more ice cream if it was easily available.

Although new lines from Walls and Lyons have been under steady development the appearance in the U.K. of American style ice cream parlours, in particular Dayville and Basin and Robins with a vast range of flavours, has undoubtedly stimulated their emergence. Walls is now competing head on with the parlours through its World of Flavours, a range of seven flavours, such as Swiss Mountain Strawberry and New York Butter Almond, quite outside the traditional scope of the market.

World of Flavours is sold through a milk churn displayed in front of the traditional cabinet and its premium price pieces it as a competitor for the adults' pudding purchase alongside the traditional frozen sweets, like mousse, and the frozen cakes.

Antony Thornicroft

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THE POTATO PEOPLE

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Technology offers big savings

FREEZING IS basically very simple but problems arise when you want to freeze in commercial quantities for a £600m market. Even then the actual freezing techniques are not complicated. Most of the food frozen in this country is reduced in temperature by air blast freezing in tunnels, many of them at the end of production lines—hence the term "in-line" freezing.

Some years ago there were hopes that a very fast method of freezing—liquid nitrogen, carbon dioxide and liquid freon—would bring great improvements in food quality, but enable more foods to be frozen successfully. However, this was over-optimistic and, in commercial practice, these techniques have a relatively small role to play. These new methods save their place in the freezing of some foods, for example, frozen cocktail. But the areas of application are small.

Conventional

The new freezing methods are of less economic importance to the frozen-food industry than every-day developments in conventional air-blast freezing. So the large frozen food companies expand, they are installing more efficient and economic versions of air-blast freezers, the spiral freezers and automatic or indexing plate freezers.

At the development stage are from freezers in which liquids or semi-solids can be frozen. The liquid is sprayed on to the refrigerated drum and the frozen sheet scraped off as the drum rotates. The sheet is then broken up and packaged, applications for such a freezer are soups, juices and sauces.

Pellet freezers have been used for some time on the Continent for spinach, and are also eminently suitable for freezing soups as cubes. They have a clear potential in this country at a time when some time to get established.

Many of the ideas used by processors and distributors in

this country have been imported from the U.S. and Scandinavia, but there is growing interest abroad in the techniques that Britain pioneered.

The first international frozen food exhibition and conference is being held next June, 1978, not in Cologne, New York or Stockholm, but in London. It is being organised by a British consultancy in association with the trade journal, Frozen Foods, and the international magazine, Quick Frozen Foods, which is published from the U.S.

While developments in freezing techniques have been few in recent years, because the technology is already advanced, two more links in the cold chain are now distribution and storage. The aim is, as it always has been, to keep the temperature of frozen foods cold and steady.

Patterns of distribution have changed in response to the move towards fewer, larger stores—superstores and hypermarkets. Frozen food distribution vehicles have become more efficient in keeping the temperature cold. Insulation has improved and cooling plates (eutectic plates) are being installed in roofs and walls of smaller vehicles. Liquid nitrogen cylinders, in conjunction with good insulation, have proved very effective for the large distribution vehicles.

But perhaps the most significant developments are being made in the retail store, including the highly topical area of energy conservation.

Waste heat extracted from frozen food display cabinets could well be used to heat water, warm warehouses used for dry goods, or even the general area of the store, instead of being wasted. One important area where energy must be conserved to keep costs down is in the retail display cases themselves.

Reflective night blinds which can save 20 per cent of the electrical running cost and contribute to better temperature control are now widely used by retailers.

Also available are corner cube reflective tiles on the ceilings to minimise the effect of radiation over the cabinets.

Another recent innovation is the temperature performance indicator, which not only shows that the cabinet is working but also that the product is not being stored beyond the load limit and subjected to warm air. As the temperature performance indicator monitors the temperature of the air coming off the pack, the alarm will be operated if food is stored beyond the load limit.

Throughout the world, the frozen food industry has spawned a multi-million pound network of associated companies and ancillary suppliers—specialised packaging, agricultural and food machinery companies, as well as manufacturers of refrigeration equipment and cold stores.

Packaging is an area in which

technical progress has been significant, and many more exciting developments are possible. To some extent, the package suggests the product. Boil-in-bags and foil trays each created new product possibilities.

Meanwhile, one of the principal motivations to the food manufacturer is to reduce wastage of his raw materials. This is an area in which the technologists are already hard at work and one where major advances can be expected. In vegetable production, for example, industry agronomists have been able to bring about the high-density cultivation of green beans for mechanical harvesting. New techniques have been developed for growing and harvesting of Brussels sprouts, eliminating the costly picking of sprouts off the stalk in the fields.

The pea season has been extended beyond the normal six

weeks by the introduction of new varieties which mature earlier and later; silverbeet cutting back the amount of vine that needs to be picked up by mobile vinters. A new mobile viner undergoing trials in this country this year will eliminate the need for cutters travelling in advance to cut the vines for the viner to pick up. A pick-up reel at the front of the viner will pick the pods off the stems, leaving vines and leaf in the field.

To make better use of potatoes, especially the undersized ones and the off-cuts from chips, a process of "reforming" has been developed so that the potato can be extruded in a soft form and turned into any shape the market requires. Similar work has been done in the meat departments to make use of the cuts that remain unused after the carcass has been butchered. Savings of up to 30 per cent have been achieved compared with conventional techniques.

It was the demand for prime quality fish for the frozen food industry that encouraged the development of freezer trawlers. These generally have holds like giant vertical plate freezers in which the catch can be frozen immediately at sea and landed in perfect condition for processing into fish fingers and other products.

Since peas represent a quarter of all frozen food production still, it is hardly surprising that so much technical resource has been devoted to this crop. The Processors' and Growers' Research Organisation in Lincolnshire, for example, has been working hard to

develop a leafless pea plant that will reduce harvesting costs by earlily and later; silverbeet cutting back the amount of vine that needs to be picked up by mobile vinters. A new mobile viner undergoing trials in this country this year will eliminate the need for cutters travelling in advance to cut the vines for the viner to pick up. A pick-up reel at the front of the viner will pick the pods off the stems, leaving vines and leaf in the field.

Fisheries scientists have been fishing in deep waters for unfamiliar species which might help to complement the diminishing supplies of cod, haddock and plaice. Even stocks of cods in the Wash fishery are monitored at regular intervals to determine the reasons for their high mortality.

World concern about diminishing fossil fuels has prompted research into the energy economies of food production. It is clear that frozen food production is among the most economic in terms of energy utilisation. One estimate by Goran Lundahl of Frigoscandia is that freezing can be two-thirds less costly in energy terms than canning.

So freezing is likely to continue to perform a major role in the preservation and storage of food, and will continue, because of that, to generate new advances in the technology of food production and processing.

to add a substantial skill input to a frozen ingredient.

Yet it is the hotel, restaurant take-away and pub user that accounts for 74 per cent of catering sales. Although pizza and hamburger houses have made an obvious High Street impact the pubs too are increasingly using frozen products as the food side becomes more important. About 15 per cent of pub food expenditure is estimated to be allocated to frozen foods, but the range is still small.

However, menus are expanding and choice is becoming more sophisticated. While steak and kidney pie, Lancashire hot pot and roast beef are favourite choices, curries and spicy chicken dishes are becoming increasingly popular and without the manpower to prepare them these dishes are increasingly being supplied in frozen form.

It has taken 10 years for frozen food sales to caterers to double but it is expected to rise rapidly as fast foods grow in the next three to four years, which will mean substantial increases in volume terms.

However, as already mentioned, one of the main obstacles has been the lack of storage space. Many commercial users have freezers of the same size as domestic users, which makes distribution costs very high due to rapid turnover and the need to replenish frequently.

In schools and hospitals too, the lesson of simplicity and economy is being absorbed. There were no fish fingers and beefburgers in my day but there was cabbage.

Now the cook, who never seemed to be particularly cheerful anyway, does not even have to bother her head about the menu. Services like specialised catering from Ross or Menu-master from Birds Eye offer a four-week rotational choice for each of five days, including a main course and a sweet. Many of the dishes are traditional canteen fare with pies, casseroles, sliced meats and fish steaks all included.

So preparation times are reduced, all the food is edible, unused orders can be stored in the event of a fall in demand, and the suppliers will even arrange for staff training in handling the new products.

Popular

Frozen desserts, however, have been slower to move among caterers but both Del Monte and Alveston report some growth and Kraft says it has experienced higher sales of prepared and cold sweets and has been developing special products to meet both regional needs and those of, for instance, popular restaurants.

The trend is to greater cost control, the development of expanded menus and the improvement of distribution, on-site cooking, and presentation. Although the more exotic dishes do catch the headlines it is the areas of essential catering, such as hospitals, schools and factories that will inevitably be looking most carefully at how they can continue to provide an efficient and economic service in the face of escalating labour costs.

The growing acceptance by the public of standardised portions of popular foods they already enjoy at home will help this, particularly as the more snack-like quality of rissoles, hamburgers and pies fits well into the contemporary domestic trend.

As well as developments in the actual cooking, storing and distribution of the food, other operators, like those in vending machines, will also be working on ways in which a hot meal can be sold in sites all over a factory, supplied either from a central kitchen or, more likely, from a regional kitchen, thus removing the need for a factory canteen.

S.A.

Scope for caterers

IF AT first it seems that frozen foods are too expensive to use in any other than restaurant catering it should be remembered that the shortage and increasing cost of skilled and unskilled kitchen labour, plus easy availability and tighter control on wastage, have far outweighed the relatively small problem of extra expense.

Factories, hospitals, schools and community services have all joined hotels in using more frozen foods and in doing so have had a substantial influence on standard menus and tastes.

However, supplies of frozen food are often still regarded as substitutes for the real thing night in a hot kitchen. At the same time there has been a strong growth in the sales of "fast foods" which reflects both the use of frozen foods in the catering industry and the pressure

of the growing centralisation of food preparation. Already there is increasing use of central kitchens for hotels and restaurants where meals can be cooked in bulk and then distributed to the retail points for repeating and presentation. The concept is not new—it was used extensively by the school meals service over 20 years ago—but it is an important reflection on the decline of individual catering.

Kitchen staff, including the top chefs, want to live as normal a social life as possible so there is the difficulty of persuading people to work until late at night in a hot kitchen. At the same time there has been a strong growth in the sales of "fast foods" which reflects both the use of frozen foods in the catering industry and the pressure

on disposable incomes over the last few years which has led people to look for quick, cheap alternatives to the now rarer three-course lunch.

There has also been an increasing use of frozen products at home, so when eating out—and about 22m. people a week spend an estimated £30m. a week in restaurants—people are more ready to accept a taste with which they are already familiar.

However, frozen food still only accounts for about £130m. of sales to caterers each year so there is considerable scope for growth, especially as the manufacturers claim that greater use of frozen ingredients will lead to stabilisation of prices.

This assumes some shedding of labels and an ability to main-

tain supply at a previously contracted price. But perhaps most important, from the user's point of view, is that the simplification offered by the use of frozen foods cuts the risk of mistakes considerably, and therefore wastage, while at the same time offering consistency of quality and choice for his customers.

So far caterers have played for safety and used a few items in large quantities, Peas, beans, chips, some meats and chicken head the list, and confectionery them.

The resulting meals may not appeal, with fruit pies particularly, suitable in terms of popularity, coupled with portion control. But, if anything, there has been a tendency towards more polarisation between those who use frozen food extensively but only simply, and those who shy away because they do not want

counterparts.

By a Correspondent

counterparts.

It's obvious who wears the trousers at Birds Eye.

Over the years Birds Eye and the Great British housewife have had one of the High Street's more spectacular love affairs.

Without her we wouldn't have become the world's largest frozen food company. (Yes, the world's largest).

And she, we like to think, wouldn't have had the same choice of quality frozen foods without us.

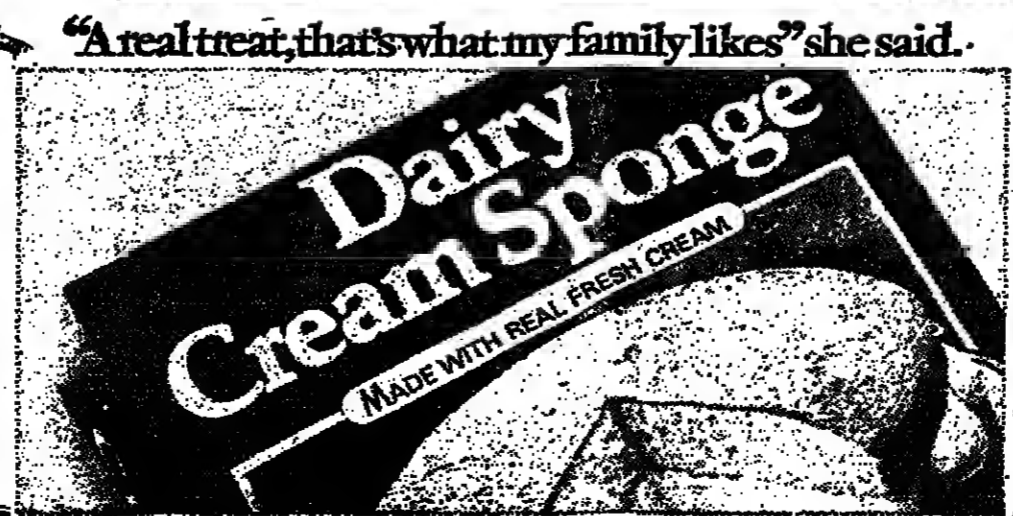
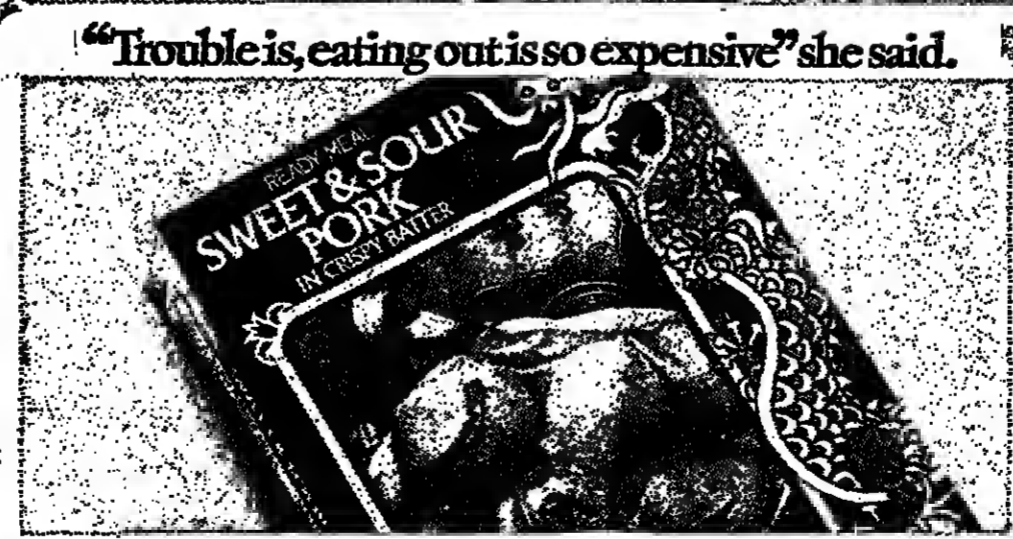
We understand women. And they've had a big say in making all our decisions.

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All quite sensible really. Families love the Captain's Cod fish fingers (still the nation's favourites with £24 million worth of sales this year).

But seeing as there's a lot of fish around that's cheaper than cod and as how today's housewife is particularly interested in making savings, we introduced a choice of fish fingers. Cod and Economy.

Likewise we found she was interested in slimming but less keen on special foods.



"What are you doing about the price of fish?" she said.

So on many of our packs, which already have a wide family appeal, we're highlighting the low level of calories.

The British housewife also loves to give her family a treat. But it must be good value, too.

Which is why our cakes have taken a bigger slice of the cake market than ever before.

During the last year over 12 million of our Dairy Cream Sponges were enjoyed and we took a two-thirds share of the frozen Cheesecake market.

She also told us that she liked Chinese take-aways. So we introduced the China Dragon range which she can take away from her freezer.

"This year she'll spend £5 million doing just that.

If all we do makes you think we're at her beck and call, you're right.

And that's the secret of our success. We wear the trousers in the Frozen Food business because we've let women wear them.

at Birds Eye.



The Management Page

EDITED BY CHRISTOPHER LORENZ

Ferry Dodsworth explains how Rolls-Royce Motors plans to put Fodens back on a specialised product strategy

Drive for a market niche

HE MEAGRE three per cent acceptance which Rolls-Royce Motors managed to muster in a preliminary bid for Fedens showed that the commercial vehicle company's long-suffering shareholders were not going to settle their company overnight. But the low response, while clear hint that the offer had to be lifted, also indicates a degree of bemusement with Rolls-Royce's intentions. Now in Rolls-Royce, a company which relies on the mystique created by years of exclusive engineering, contribute anything in the pragmatic world of commercial vehicle builder?

Rolls-Royce's arguments for the combination have little to do with the product as such, or skills in particular markets. Indeed, its overall managerial ability. Indeed, David Plastow, managing director of Rolls-Royce, dismissing the idea of a managerial synergy as a "illusion," says there would be virtually no research and development economies to be made, and adds that the two companies would not want to use the same international franchises. This is putting the argument rather crudely, because Rolls would clearly have ideas on how to organise and motivate the Fodens management, and goes on to argue that to overseas markets it would be easier to finance and persuade local investors to take an interest in the Fodens product with a company of Rolls' international reputation behind it.

But in essence Plastow's argument comes down to the point that the two companies share a common base in craft engineering. Just as Rolls-Royce is a specialised manufacturer of luxury motor-cars and high-grade diesel engines, Fodens is known for the quality of its truck engineering. If you can make money out of one, you can make money out of the other.

Over the last four or five years, we have been developing the things we are good at," says Plastow. "There are certain things we know how to do. We know how to manage a batch engineering type of company, and we know how to do this at the premium end of the automotive market. Fodens fits both of these criteria."

Character

The concept is an interesting one since it touches obliquely on the arguments which have been going on in the British engineering industry in general. It is often said that the character of the British production worker is best adapted to this sort of specialised approach rather than the mass-production techniques practised by the Americans and Japanese.

Rolls-Royce Motors, with a successful record since its notation as an independent, quoted concern in 1973, clearly provides ammunition for the specialists' arguments. Fodens, on the other hand, does not present such a clear-cut case. Well into the 1970s it remained firmly based in the tradition of limited, specialised manufacturing, making virtually every major engineering piece — except the engine — that went into a Fodens truck. Then, haunted by the spectre of larger com-

panies mopping up bits of its market — the big truck makers made a killing in the heavy-duty market in the early 1970s — it tried to break out to a competitive, large-scale production size. The attempt came to grief as the oil crisis, ushering in an era of high interest rates and declining markets, played havoc with Fodens' cash flow.

While Fodens' dash for growth clearly failed, however, many people still believe that its basic thinking was right. Small companies, they say, can no longer sustain the high development costs of heavy trucks on their limited financial base. Big companies like Mercedes and Volvo, with their greater financial muscle will gradually erode their margins and markets; and the small companies will be equally hard put to develop new products — Volvo, for example, claims that a big truck costs up to \$50m to develop these days.

This is where Rolls-Royce differs, and differs absolutely. It believes there is still room for narrowly-based engineering companies pursuing their markets with complete commitment. "What this company is about," says Plastow, speaking of Rolls, "is selecting a narrow market, giving it a lot of attention, and going hard. A lot of experience and effort goes into a very small market with a very high margin."

Plastow, a former Vauxhall apprentice, believes the same techniques can work in Fodens. He will not elaborate on which particular sectors of the heavy vehicle industry he would like to pursue; there are, of course

Believe

There are some City analysts who believe that this is a deeply wrong-headed approach, arguing that Fodens is fundamentally weak, and that Rolls itself could get into a dangerously exposed position. They point to Rolls' two cash raising operations within the past four years as evidence that it is undercapitalised, and emphasise the cash hungry nature of the motor business.

"Rolls is in a difficult position because it is operating in markets which rely on high technical skills which you need to amortise over a large vehicle build — yet it is not a big vehicle builder," is how one analyst puts it.

Rolls is, obviously aware of these criticisms. The company,



Fredric Mansfield

with a 12-year-old (though recently improved) Silver Shadow on its hands, will probably face a costly new model introduction within the next five years. It may also need an improved or new engine to cope with the international demand for better fuel consumption and exhaust emission standards; and following a not entirely untroubled run-in with the Shadow Mark II, it knows how costly new developments such as these can be.

Part of the strategy of the company has been to minimise the dangers in particular business areas by achieving a balance over different engine, diesel engine and engineering product divisions, virtually counterbalancing motor cars in turnover and profit, and with a new family of V engines, backed by a £20m investment and big giants like Cummins; and

second, the acquisition of Gardner, the quality diesel power excellence in the British truck industry, and a main supplier to Fodens, would complete a neat conglomeration of interests in the British premium truck industry.

These interests would have to be run on an arms-length basis if the Rolls engine building divisions were to remain suppliers to the other vehicle manufacturers — which Rolls dearly wants.

On the other hand, with Fodens in the camp, the engine manufacturing divisions would at least have one friendly end user. Some observers believe that this would be sensible and cautious insurance at the present time because of the way other U.K. vehicle builders are developing strong links with individual engine suppliers. Leyland, for instance, still seems determined to go its own way on as well as to Rolls-Royce."

Finance that provides a lifeline to innovation and development: an assessment

RESURGENCE of the venture capital market may be on its way. There have been positive signs of a return to new ideas rather than just selling by the different venture companies that have been part of their portfolios. But there have been false dawns still to be early to say that the recession stopped venture capitalism stone dead in the tracks, which all put many out of the market is behind.

It is necessary is undeniable — innovation in products and technologies are the wellspring of the country. A realisation more widespread and increasingly more positively considering ways in which

they might assist individuals or small groups of people to exploit products which they have initially developed but which for a variety of reasons — often associated with the structure of the large company — they are unable to exploit.

So a new book by Spiro Coutarelli on venture capitalists of Europe and how they differ from one another is timely. It is also well worth reading, for it provides a wealth of information and analyses succinctly the difficulties that small- and medium-sized companies face not only in trying to finance projects, but also in attempting to decide which type of money may be most suitable and from which source.

This problem of choice becomes clear when it is realised that while (according to the author) there are less than 20 institutional venture capitalists in Europe, the type of money they offer differs widely, the criteria they apply to investments is by no means uniform and their own structures often bear little comparison. And yet the sums invested are small — between \$50m and \$65m a year — compared with the \$500m to \$600m placed by the 400 or so venture capitalists in the U.S. each year.

Other useful aspects of the book are the descriptions of screening processes which take place when venture capitalists

assess potential investments and the way in which they put together financial packages. If there is a weakness in the book it is that, as between 70 to 85 per cent of projects received by venture capitalists are rejected in the early stages of assessment, it would have been useful if the author had explained in more detail — perhaps by case studies — why they were not suitable.

Similarly, he deliberately ducks the question of management representation by the venture capitalists on the Board of a potential investee, which is so often a stumbling block to marrying money to innovation.

It is also a pity that neither the National Enterprise Board nor the more recently established Equity Capital for Industry are discussed. It may well be that the author felt that they both have too short a track record for their performances to be examined in the context of venture capital, but it would have been very pertinent to have analysed how

they fitted into his views on what structure venture capitalists are likely to need in the future and what sort of financial backing will be necessary.

What Mr. Coutarelli does highlight — and rightly so — is the increasing difficulty of venture capitalists to realise their investments by taking a capital profit on a sale. At the same time he suggests that institutional investors will increasingly have to use screening and monitoring techniques developed by venture capitalists "to channel funds into the private sector without using the capital market system, as the ability of all but the top-tier corporations to raise the necessary long-term capital is now in doubt."

Venture Capital in Europe, by Spiro A. Coutarelli. Praeger Publishers, New York, and available through Martin Robertson and Co., London, price \$18.50.

Nicholas Leslie

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Looking at Leicester No12

Leicester's economy, which recovered from the world recession earlier than most in the UK, is still moving ahead strongly...

Financial Times — June 10, 1977.

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LEICESTER

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Auditors Section 14(1) before that Annual General Meeting.

There was recently a case reported where a company was seeking to sack auditors by calling an extraordinary general meeting for the purpose. However, according to Section 14 (9) of the Companies Act 1976 where auditors are holding office before the coming into operation of the Act, their appointment cannot be terminated before the end of the AGM held next after the operating date. What, please, is your view?

We do not read Section 14 (9) of the Companies Act 1976 as prohibiting the termination of the auditors' appointment before the Annual General Meeting next after the Act comes into force; but only that there shall not be an automatic removal of the auditors (by the operation of the Act) if the company has passed.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

Shares

I have received an offer for my shares from another company and have been told that the offer has become unconditional and I have until the end of the month to accept. Will I forfeit my rights as a shareholder if I do not accept?

You do not forfeit your rights as a shareholder, but you would forfeit the right to accept the offer once the closing date has passed.

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WEDNESDAY, JUNE 29, 1977

Tidying round the edges

JUDGED as an exercise in affecting their operations. They tell us that the Government's... Tidying round the edges

Rent control

The Green Paper, which is the result of nearly three years' work, has a large number of... Rent control

Acceptability

Not only is tax relief on mortgage interest to continue in its present form and Section 24A to remain abolished... Acceptability

Getting all hot about gas

THE DISPUTE between the Price Commission and the British Gas Corporation over whether or not the Corporation breached the price code... Getting all hot about gas

Rival arguments

Having issued their charge and rebuttal, the two State bodies have decided wisely one would have thought—to remain silent until their discussions have been completed... Rival arguments

Intervention

It is ironic that gas prices should be at issue for Sir Denis Rooke, the chairman of the Gas Corporation and current chairman of the nationalised industries... Intervention

THE GOVERNMENT'S new Green Paper on Housing, published yesterday, is essentially a political document. It sets out the position on housing that most social democrats, and not a few Conservatives, might adopt if they had read all the many studies upon which it is based.

This assessment is supported both by what the paper leaves out and by what it includes. There was a time when it included proposals for reducing income tax relief on mortgages, and a time when the Treasury (not the Chancellor) was pressing for the re-introduction of Schedule A tax on the imputed rental income of owner-occupied property, and the Central Policy Review Staff was pressing for something more complicated but similar in effect.

All of that is now gone; economists who want a radical simplification of housing subsidies will say that the nettle has not been grasped. The politicians' response, as put in the important foreword by Mr. Peter Shore, the Secretary of State for the Environment, is that "we certainly do not believe that the household budgets of millions of families... which have been planned in good faith in the reasonable expectation that present arrangements would broadly continue—should be overturned, in pursuit of some theoretical or academic dogma."

Socialists and others who want a redistribution of housing and subsidies in the interest of fairness are firmly rejected in many chapters, and nowhere more trenchantly than in the concluding paragraph of Chapter 5 of Technical Volume II (it is a comprehensive Green Paper) in which it is said, after an exhaustive analysis, that "There is no incontrovertible way of making the comparison between home owners and local authority tenants to show the extent of the advantage of one group over the other—or even to show which group is doing better" (Their italics).

With that perennial obsession of those who debate housing policy thus set aside, the paper devotes a great deal of effort, and a large number of statistics, to a series of demonstrations that, in Mr. Shore's words, "we are better housed as a nation than ever before; and our standards of housing seem to compare well with those of similar and more prosperous countries."

Even the most devoted gatherer of statistics tends to nod sagely and agree that they can be used to prove almost anything—and therefore, I suppose, prove nothing. But statistics do exert a fascination of their own. For instance, would you believe (and with respect to Mary Whitehouse et al. I find it hard to do) that nearly a tenth of families still say grace before eating, or that 41 per cent of husbands and 48 per cent of children over five never cook a meal. Idle lot.

income families to buy houses. Thus there is pressure on building societies to make low-start mortgages more widely available, with loans reflecting a higher proportion of buying costs. There is a clear hint that the £25,000 ceiling on mortgages eligible for tax relief will be raised.

A new savings "bonus and loans" scheme for first-time buyers, to be introduced by the Government "after consulting the institutions concerned." on such growth as there is in rents is to be related to the average increase in earnings. Indeed, politically, the most important annual financial decision—the amount by which rents and rates will increase—will come under closer central Government control, according to the changes in the local authority subsidy system proposed in Chapter 9.

There is to be stabilization of mortgage funds, encouragement of local authority building for sale, continued general permission to sell council houses everywhere and tacit encouragement to do so where there is no local shortage, and a search for fresh sources for mortgage funds. With several similar props to the private housing sector, this adds up to a statement of policy that all the most extreme right-wing Conservative housing ministers could adopt with little difficulty.

As for council tenants, an effort is made to start their transformation from the kept creatures of the local authorities to householders living in conditions not dissimilar to those enjoyed by owner-occupiers. Inside the Department of the Environment there is some desire for an end to the disparity of esteem between the two types of tenure so that there can be a move towards a new "one nation" approach that regards householders as similar in all respects except the means by which they pay for their housing.

Radical moves towards this goal are not offered in the Green Paper. There is to be no wholesale selling off of council houses. The burden of subsidies for these houses, inflated by the high interest rates and rocketing costs of new buildings and maintenance over the past few years, are taken as a starting point for subsidies from now

status of those who live on council estates. A new security of tenure and a statutory right to a written agreement is proposed for council house tenants, who will also be permitted, under a proposed model tenancy agreement, to carry out improvements to their homes, and to sub-let. Whether this adds up to the "Tenants' Charter" it is called in the Green Paper is a political judgment.

The paper does not ignore the needs of those who live in poor or very bad housing—the 1.8m. households it suggests are "living in circumstances which most people would not accept for their own families"—but it strives very hard indeed to distinguish between the great diversity of marginal problems affecting the several unfortunate groups within that 1.8m. and housing policy as a whole.

Thus its most potent political message is perhaps its attempt to move the housing debate away from general assertions about "the homeless" or "the national housing shortage" or "the housing crisis" in terms that become familiar when organisations like Shelter were in their heyday. Instead, it adopts the view that the only shortages that can be identified are either local, or relevant to particular classes of person.

The consequent solution that is proposed is a new series of housing investment plans, produced by local authorities on its weakest is in the four-year projection. These would take in all local aspects of housing, from the shortage or surplus of family-sized council dwellings, to the possible demand for new owner-occupied houses, through the shortage or otherwise of flats for single people, decent accommodation for the elderly, and special housing for the mentally handicapped, the physically disabled, ethnic minorities, one-parent families, mobile work-

ers, and others who often find themselves at the back of most queues. As one official—in one of the endless meetings which led to the production of this Green Paper—put it, the sight of a distressed husband hauling his crippled wife upstairs because no bungalow accommodation or no house with a chair-lift could be provided by the council constituted true hardship that needed instant action; the sharing of a large house by more than one family on another voluntary basis did not.

This local, personal, approach would have its social and political merits, but its merits turn away from or subside the global and unstudied proliferation of local authorities' empires that has been the goal of most housing policy until now. To outsiders it may seem like little more than common sense; to those in housing administration or politics it is something so different that it could almost be called radical.

In the last analysis, says the Green Paper, "the effectiveness of any national housing policy and local housing strategy is likely to be judged by how far it helps those facing the most pressing housing problems." All governments make an attempt of that kind; the Government on this occasion is no exception. It has not been translated into a wholesale and indiscriminate new housing drive, where the Green Paper is at

Where the Green Paper is at

MEN AND MATTERS

Snuff and High Toast

The days when snuff-taking was as common as pipe smoking are long gone. The habit is still fairly widespread among people like judges, bishops and chorus girls, and others whose profession exposes them to the critical public eye or those, like coalminers, for whom the illicit cigarette could prove an appalling fire hazard.

For such people the welcome lift through a surreptitious sniff is far easier, or far safer, than trying to sneak an unobserved lungful of tobacco smoke. But the habit also has its more ostentatious practitioners, such as humourist Frank Muir, or indeed West German Chancellor Helmut Schmidt who has been observed taking a pinch on many an august occasion. Germany is, alongside Canada, one of the countries where snuff taking is on the increase, partly, it is believed, thanks to former smokers, weaned from tobacco smoking for health reasons, who still crave the delights of nicotine.



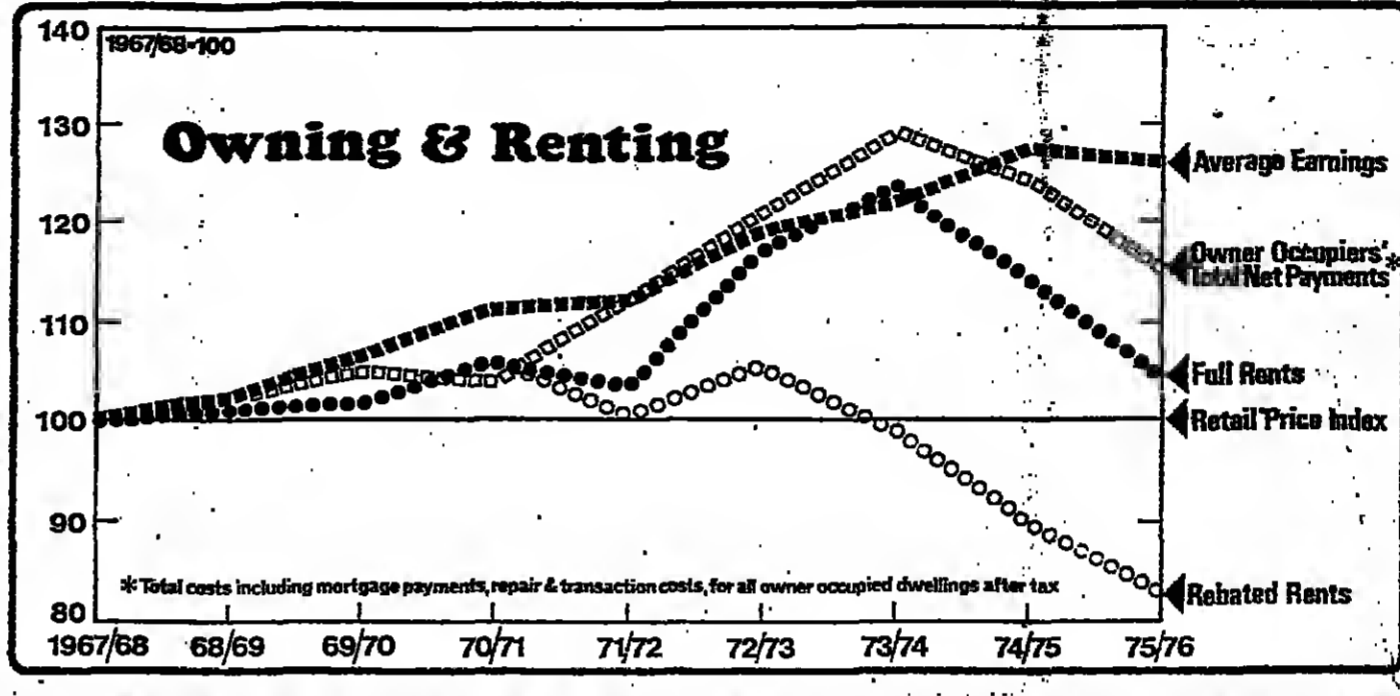
"I suppose it's a choice between becoming a kipper with the British or extinct with the EEC."

Figuring

Even the most devoted gatherer of statistics tends to nod sagely and agree that they can be used to prove almost anything—and therefore, I suppose, prove nothing. But statistics do exert a fascination of their own. For instance, would you believe (and with respect to Mary Whitehouse et al. I find it hard to do) that nearly a tenth of families still say grace before eating, or that 41 per cent of husbands and 48 per cent of children over five never cook a meal. Idle lot.

piece in the booming frozen food market. Its turnover of £200m. annually comes from roughly a third share of the total market. Amid all the serious projections and discussion of the all-pervading question of prices were a few nuggets like the continuing popularity of grace and the cooking shirkers already mentioned. Social trends and fish fingers are clearly inseparable: the review includes the comforting thought that 31 per cent of all adults (I bet Birds Eye wanted to go to two places of decimals but 31 is all you get) claim "Most of my satisfaction comes from my home." Divorce may be on the increase, but three-quarters of all those who indulge in it get married again.

And on we go. Freezer-owning husbands help more with the washing up and the shop-



* Total costs including mortgage payments, repair & transaction costs, for all owner occupied dwellings after tax

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Journalist

Castro and the Russians in Africa

By HUGH O'SHAUGHNESSY, Latin America Correspondent and DAVID SATTER, Moscow Correspondent

THE INCREASING involvement of Soviet and Cuban diplomats and arms in the Horn of Africa and the recent announcement by Mr. Isidoro Galmieria, the Cuban Foreign Minister, that Cuba was stepping up support for and solidarity with "the people of southern Africa" have brought into focus more sharply than ever the question of Communist aims and strategies in the continent.

The clearest and most recent statement of those aims came a few weeks ago from General Fidel Castro, the Cuban President, who described Africa as "the weakest link in the chain of imperialism."

In an interview with the magazine *Africa-Asie* he maintained that the lack of a middle class in Africa made it possible for the continent to go from capitalism to socialism without having to negotiate the intermediate stages of development. He added that the task of a Communist in Africa was easier than in Latin America, where the existence of a middle class had sided the development of what he called "bastions of fascism."

More generally, the Cubans talk of their interest in increasing the control that Third World countries exercise over commodities produced in the Third World and in strengthening "the anti-imperialist camp." The Kremlin view of Africa is similar. Russia is always pleased when an African government chooses to embark on a programme of socialisation. That discourages Western investment and social and political ties, and naturally predisposes the African State in question to turn to the Soviet Union as the country which

has the most experience of running a socialist administration. The Soviets, for instance, despatched party cadres to instruct Egyptians in the intricacies of running the socialist State during the early days of the Arab Socialist Union and have provided similar assistance to Somalia. The Soviets may one day do the same in Ethiopia if, acting with the Cubans, they can help to consolidate the Mengistu Government.

An alliance with the Cubans is therefore a political godsend for the Soviets. The latter regularly face the danger in the Third World of being outdone in revolutionary zeal by the Chinese. The Cubans help Moscow by bridging the cultural and psychological gap between the bureaucratic Soviet leadership and the leaders of revolutionary movements in the Third World. Clearly revolutionary, black-Hispanic and reliably pro-Soviet, they frequently take the lead in denouncing the Chinese.

Calumnies

"As far as Cuba is concerned, Chinese policy is really infamous," the Cuban president recently remarked. "With rampant and lying calumnies it fights the solidarity of our party with the liberation movements, a fact which coincides perfectly with attacks by U.S. imperialism on our country." At the same time it would be an exaggeration to say that Cuban and Soviet policy are identical.

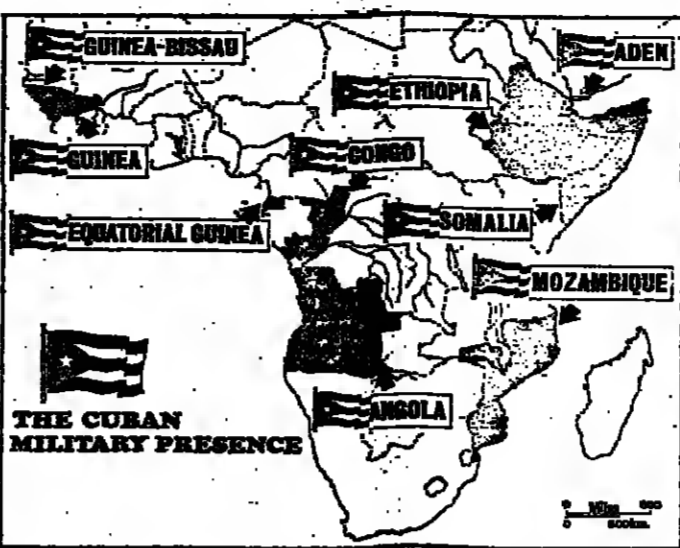
Diplomatic analysts in Moscow do not believe that the Cubans act on Soviet instructions, but rather that there is considerable coordination in those cases where the Cuban

desire to spread socialism in Africa coincides with the needs of a pro-Soviet group—as it did in Guinea-Bissau and Angola. As in the case of policy towards Latin America in general and Chile in particular there are significant differences of emphasis between Moscow and Havana. During General Castro's visit to Africa in March Western diplomatic observers detected some nervousness in Moscow lest Cuban declarations in favour of African nationalists upset Soviet relations with Washington.

That said, however, the involvement of Cuban troops, advisers or even medical personnel in Africa has advantages for the Soviets which the direct commitment of Soviet troops would not have. The Cubans often are not white, and are identified with the cause of Third World revolution. Their presence is less easily depicted as a great power intrusion and the Cubans can be held to be acting at least partly on their own, though no major military operation of theirs can be accomplished without Soviet help.

Looked at from Havana the Cuban Government's association with the Soviet Union in Africa offers it the opportunity to demonstrate that it is militantly revolutionary at a time when, as the Cuban leader implied, things were not going well for revolutionaries in Latin America.

But here again all is not clearly defined. There are powerful reasons for Cuba to moderate its ideological enthusiasm with pragmatic prudence. The absence in Africa of every soldier, technician or skilled worker is a further burden on the economy of an island of 10m. people which is already



THE CUBAN MILITARY PRESENCE



General Castro

suffering from the continuing low prices of sugar, its principal export, and from the continuing U.S. economic boycott. It appears to have come as something of a surprise to the Cubans that, after their repulse of the South African invasion of Angola, they should have had to provide so many technicians, from chemists upwards, for an economy ravaged by war and the flight of so many Portuguese.

It is clear after the recent extensive visits to Africa by the then Soviet President Podgorny and by General Castro that the Soviets and the Cubans have to play their hand with some subtlety and are very much aware of the pitfalls they await them even in what they consider to be ideologically favourable terrain.

In the Horn of Africa it has been the Russians' and the Cubans' diplomatic, rather than

military or technical qualities, which have so far been most tested. There the Soviet Union and Cuba sent themselves in a quandary since Somalia under General Siad Barre and Ethiopia under Colonel Mengistu Haile Mariam, not to mention the more socialist minded groups of Eritrean rebels against Ethiopia, have all shown themselves well disposed towards Moscow and Havana but at loggerheads among themselves.

Confederation

To back Soviet moves to aid Colonel Mengistu while not losing influence with General Barre, General Castro called a conference in Aden in March of Mr. Ali Robays, the South Yemeni leader, Colonel Mengistu, and General Barre in the hope of piecing together a confederation of pro-Soviet States

and to calm mutual antagonisms. His idea of a left wing confederation, to include Somalia, Ethiopia, Eritrea, and possibly Djibouti, seems however to have fallen on stony ground. The Cuban leader has since taken in the warmest terms of Colonel Mengistu as "a calm, intelligent, daring and brave man," being attacked by reactionary Arabs in collusion with the forces of imperialism.

The Soviet-Cuban commitment to Ethiopia is at present modest, but if the Ethiopian Government begins to lose ground seriously the Soviets may decide to intervene in force and begin a big new joint operation in Africa. There is speculation too that the presence of General José Abrantes, Cuba's First Deputy Interior Minister, in Libya in March could herald Cuban help for the Libyans who have yet to master all the intricacies of their

Soviet supplied arms. Libya in its turn could be a source of finance for Cuba.

In southern Africa, in spite of the strong position the Cubans have carved out for themselves in Angola, and in spite of the fighting words of Sr. Malmiera, there are serious obstacles to increased Soviet and Cuban military activity. West. Thus they back the President Samora Machel in his recent denial that they sponsored the recent turbulence in the Shaha province of Zaire with the argument that, had for his defence effort against the forces of the Smith regime. His position is therefore somewhat different from that of Dr. Agostinho Neto, who at one time formally invited the Cubans to help him to overcome the South African invasion and the other threats to his rule. There are thought to be about 20,000 Cubans in Angola including soldiers, civilians and families. Soviet and Cuban help for Mozambique and for the Zimbabwe guerrilla in Mozambique territory seems to have been limited to the provision of arms and training.

In any case a major Cuban intervention with Soviet backing would pose a serious strain on Cuban resources at a time when no-one is certain how far they are likely to be committed in the Horn of Africa.

It could also arouse fear in the front line African States of the great powers being dragged in. The front line States do not want a newly independent Zimbabwe to emerge under Soviet control. Western analysts believe that the Soviets may feel no urgency about the situation in Rhodesia because the longer the guerrilla war goes on, the greater could be

Condemnation

The Soviets are believed to be supplying arms to SWAPO in Namibia, but to have little direct involvement with the current situation in South Africa itself. Mr. Oliver Tambo, the acting president of the South African branch of the African National Council, was in Moscow recently to meet a Communist Party Secretary, Mr. Boris Ponomarev, who deals with Soviet relations with non-Ruling Communist parties. But the Soviets may well confine themselves to condemning South Africa verbally as long as there is no significant guerrilla activity in the Republic itself.

The efforts displayed by the Soviet Union and Cuba to win influence in Africa are great. So are the obstacles which separate them from success. As their experience in the Horn of Africa shows, African nationalism is often impervious to the appeal of Marxist-Leninism as interpreted in Moscow and Havana.

Letters to the Editor

Drax B order critical

From Mr. M. Thomas, M.P.

Sir,—Max Wilkinson (June 27) on the Reynolds Parsons/Clarke Chapman merger may be right that the new company will have only a limited turbine capacity in the power station field, nevertheless, the integration of turbo-generator capacity and boiler-making in many ways makes more sense than the horticultural merger proposed by the Central Policy Review Staff and the Government.

The CPRS view could anyway prove unjustified if, as many experts believe, future world demand will not be focused on giant 1,200-1,300 MW turbines but on the 500, 600 and up to 800 MW sets which GEC and Parsons are perfectly competent to build and sell separately. Even in the U.S. there is no longer the enthusiasm for the big sets and most of the rest of the world has not moved beyond 500 MW. As ever, big is not necessarily beautiful.

The main purpose of my statement, however, was to point out that despite the merger, the Drax B order is still absolutely critical to thousands of jobs on Tyneside and in Scotland and it cannot be delayed much longer. Within days now C. A. Parsons will be forced to individually identify the first of those to be made redundant—this would leave last 100 seats on the company's industrial relations end on the north-east. At the very least the Reynolds Parsons/Clarke Chapman merger provides a new stability for C. A. Parsons and a better prospect of a balanced national turbo-generator company. But given GEC's position, this is bound to take time to come to fruition.

In the meantime it is imperative that the Drax B order be placed with Parsons and the new company. There is now every reason for the Government and the Central Electricity Generating Board to pursue this course. Five of the last ten orders by the CEBG have been by single rather than competitive tender. In the single tender is the normal process of the CEBG for a power station order which is a duplicate of an earlier station—as Drax B is of Drax A—and both GEC and Parsons have had orders by single tender. The last order placed by single tender was placed under a Conservative government in 1972 and employment preservation considerations played an important part in the decision.

This is one decision that need not be painful and should be taken quickly. Mike Thomas, House of Commons, S.W.1.

Current cost accounting

From Mr. J. Grenside.

Sir,—I believe there is a serious danger that the resolution to be put before the special meeting of the English Institute on July 6, "that members do not wish any form of current accounting to be made compulsory" (my italics), may arise—albeit by a majority—on a misunderstanding of implications by those favouring its support for each other. It is a member's prerogative, either that it is necessary to recognise large amounts of corporate cash at accounts prepared under the historical cost or, if the EDIS is un-

Wood-and-trees problem

From The Financial Director, James Latham.

Sir,—I feel that the voice of trade and industry should be heard among the clamour of disenchanted practising accountants. Mr. Morphet (exposure draft 18) in its introductory states the continuing and high rate of inflation in the United Kingdom has reduced the usefulness of accounts prepared on the historical cost basis to management, investors, employees and others to such an extent that it is necessary to make a major change in accounting practice.

As the financial director of a company in the highly competitive timber distribution trade, this struck a sympathetic note and I became an enthusiast when the introduction continued: "as long as industry uses historical costs for management accounts it may unknowingly undercut with dangerous consequences for the business." This is the nub of the matter. The timber trade, being a substantial importer, is all too aware of the problems associated with a weak currency and high inflation: indeed, substantial quantities of softwood and chipboard are purchased in the Swedish Kroner which at October 1976 has appreciated by 32 per cent. Unless under these conditions the timber trade collectively do what will be possible to maintain the "substance of the business," this means that progressively the asset base will be eroded and will only be able to finance a decreasing volume of the ultimate detriment of all timber users. Other trades and industries are in the same predicament and it is only through overt action, that pricing on replacement costs will become accepted practice.

As the chief argument for CCA seems to be that company directors will foolishly pay away in blissful ignorance of the need to cover inflation. If true, this demands the wholesale elimination of such crass incompetency.

John Grenside, J. Puddle Dock, Blackfriars, E.C.4.

Reasons for rebellion

From The Managing Director, Greenbank Industrial Holdings.

Sir,—Although your paper appears to deplore the prospect of the "rebel" chartered accountants defeating Current Cost Accounting, may I cheer them and offer you an explanation as to why they are so numerous. Like ordinary people everywhere, we are sick of the nervous stream of standards emanating from London administrators, whether ICA, Stock Exchange, Government, Consumer Council or any of the other myriad bodies, significantly improve life for anyone, or have much result other than to create more esoteric administrative work in London.

The chief argument for CCA seems to be that company directors will foolishly pay away in blissful ignorance of the need to cover inflation. If true, this demands the wholesale elimination of such crass incompetency.

Apparent profits

From Mr. C. Sargent.

Sir,—As a member of the English Institute of Chartered Accountants I am not at all surprised at your report and editorial of June 23, on the subject of the use of apparent current cost accounting. Nor am I surprised at the reaction of my fellow accountants shown in your columns on June 27.

At the moment, the whole reason for the existence of the accounting profession appears to be by its own comparison to feign their apparent profits, but only does the profession seem to be determined not to grasp CCA but, by publishing exposure draft 18, it has sabotaged its own perfectly logical and sound standard on deferred taxation.

But ED 18 and the continued retention of historical accounting will go to increase the apparent profits available for distribution to shareholders when, as is widely forecast, dividend restraint is removed. As share prices appear to react more favourably to the level of dividend payments than to the level of true profits, companies will presumably be forced into a rat-race of dividend increases. As, however, some trade-unions are already referring to "rocketing company profits," they will presumably be making their own bid for a share of the apparent increased profits, thereby causing a wage spiral to fuel even higher rates of inflation. If this happens, then the accounting profession must bear a large part of the blame.

If progressive accounting measures are to be pursued, it is no use waiting for the accounting body (presumably Government controlled) will have to lead the way. After all, the Government by introducing tax relief on stock increases, recognised practical inflation accounting some years ago.

C. J. Sargent, 5, The Hawthornes, Ricoll, York.

Unpleasant flight

From Mr. P. Cox.

Sir,—If as a result of the new Bermuda agreement the airlines start reducing capacity on the North Atlantic route, it is too much to hope that they might also look at an improvement in economy class accommodations. It is only the prospect of spare seats being left that makes tolerable business travel on any of the international routes with stages over three to four hours. West to east over the North Atlantic is probably one of the most unpleasant longer stages anywhere because the travel is directly against the clock and most flights are overnight when the impact of the time change is more noticeable.

P. A. Cox, Rendel Palmer and Tritton, 61, Southbank Street, S.E.1.

To-day's Events

GENERAL
Two-day EEC Heads of Government summit opens. Lancaster House, W.2, presided over by Prime Minister.

Government expected to announce major increase in its programme to reduce youth unemployment.

Labour Party national executive committee meets.

Mr. Denis Healey, Chancellor of the Exchequer, meets British Institute of Management delegation led by Mr. Michael Edwardes, BHM vice-chairman, which will put its members views on next phase of pay policy, longer-term pay determination, tax reform and other economic issues.

Queen and Duke of Edinburgh make Jubilee tour of Portsmouth.

EEC Transport Ministers end two-day meeting, Luxembourg.

Accounting Standards Committee meets and is expected to consider future of Morphet proposals for introducing current cost accounting.

London regional committee of Union of Construction, Allied

Trades and Technicians calls one-day stoppage by members in support of Greenwich strikers.

Court of inquiry, under Lord McDonald, opens into recent Bristol Helicopters dispute.

Windsale public inquiry continues. Whitehaven.

Public inquiry continues into proposed petrochemicals complex at Mossman, Fifeshire.

Tenth session of Standing Conference, European Ministers of Education, continues, Strasbourg.

Three-day public hearings of Advisory Committee on Asbestos end. Institute of Marine Engineers, Mark Lane, E.C.3.

Mr. Ron Hayward, Labour Party General secretary, speaks at meeting of London Co-operative Political Purposes Committee.

Institute of Chartered Accountants' annual conference begins, Kings College, Cambridge (until July 2).

Mr. Reg Prentice, M.P. speaks on "Patriotism," St. Lawrence Jewry, next Guildhall, E.C.2, 1.15 p.m.

PARLIAMENTARY BUSINESS

House of Commons: Supply day debate on recruiting methods and techniques of SLADE. Opposed private business.

House of Lords: Debate on peal system.

Select Committee: Overseas Development. Subject: Trade Policy and Aid Policy. Witness: British Overseas Trade Board (4.15 p.m., room 6).

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"The City and the Crown," including selection of treasures from the Mansion House collection and City Livery Companies Guildhall Old Library, E.C.2 (until July 2).

LUNCHTIME MUSIC

Independent Presbyterian Choir from Birmingham, Alabama, St. Olave, Hart Street, E.C.3, 1.05 p.m. Malcolm Drey gives organ recital, St. Bride, Fleet Street, E.C.4, 1.15 p.m.

(Interim), News International (interim), Vertis Stone (interim).

COMPANY MEETINGS

British Home Stores, Marylebone House, N.W., 11.30, De Vere Hotels, Connaught Rooms, W.C., 12, External Investment Trust, Tower Hotel, E.230, Hill (Charles) of Bristol, Bristol, 11, Lesney Products, Tower Hotel, E.12, Sainsbury, The White House, Albany Street, N.W., 12, Silent night, Winchester House, E.C.12, Turnbull Scott Shipping, Baltic Exchange, E.C., 12.

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Available Sizes: Aston Martin (Sales) Ltd., 33 Stone Street, London SW1X 9BS Telephone: 01 235 6888. H. W. Motors Ltd., New Zealand House, Whitehall-Corridor, Surrey, London SW1E 6ET Telephone: 01 235 20404.	St. Peter Port Garage Ltd., Rue Du Prie, St. Peter Port, Guernsey CI Telephone: 0481 24261. County Motor Garage Company, Lichborne) Ltd., Thornhill, Lewes Road, Rossholme, Sussex PO25 8YH Telephone: 0252 20157.
Williams of Albion, Buns Road, Alton, Hants. GU34 1LN Telephone: 0420 826711.	Arnold G. Wilson, Regent Street, Leeds LS2 7DP Telephone: 0532 36666.
St. Heller Garages Ltd., 107 Bath Street, Leeds, CL Telephone: 0534 31341.	Moyness Motors Ltd., Strangford Lodge, Ringside, Lurgan, Co. Down Telephone: 0274 876769.

Aston Martin Lagonda (1975) Limited Newport Pagnell, Buckinghamshire MK16 9NN. Telephone: Newport Pagnell 61 0620 (12 Lines)

BCG

20
COMPANY NEWS + COMMENT

I. C. Gas jumps 50% to record £22m.

AFTER A recovery at halfway from a depressed £13,000 to £128m. pre-tax profit of Imperial Continental Gas Association for the year to March 31, 1977, jumped 50.1 per cent.

HIGHLIGHTS

The UBM Group has gone to Equity Capital for Industry to raise £2.65m. to bolster working capital. The group is to place 5m. shares at 54½p (just below the market price) with ECL. Lax also comments on the 19 per cent profit rise at Standard and Chartered Bank...

Over the last five years these have been the main factors behind average consolidated earnings growth of 30 per cent. and demand shows no sign of flagging yet in either case.

Advance by Cattle's (Holdings)

DESPITE SHARPLY increased second half borrowing costs of £34,000 against £23,000, Cattle's (Holdings) achieved a 31 per cent. increase in taxable profits from £9,98m. to a record £12,7m. for the year ended March 31, 1977, after 10.5m. compared with £9.8m. midway.

Table with financial data for Cattle's (Holdings): Turnover 22,898, Trading profit 4,494, Net profit 1,112, Dividends 227, Retained 1,151.

Comment: A 35 per cent. increase in the Calor Gas profits in the 30 per cent. jump in investment income has pushed ICG's annual pre-tax level up by roughly a half. The investment gain reflects both currency gains... the pound fell by roughly 19 per cent. against the Belgian franc during the year...

GT Japan issues £2m. of Loan stock

GT Japan Investment Trust is proposing to issue £2m. of 8 per cent. convertible loan stock...

Local loans

The coupon rate on this week's batch of local authority yearling bonds has inched higher to 10 per cent. at par last week they were at 9.5 per cent.

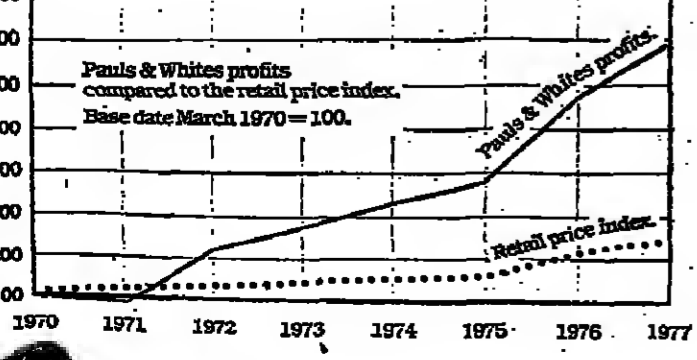
Comment: Giltspru has finally closed down the German exhibition business. The rate of loss there was up to £80,000 a year by the end of calendar 1976...

LONDON CITY & WESTCLIFF Giltspru recovers to £2.19m.

AFTER A mid-way fall from £3.5m. to £1.8m., the industrial services group Giltspru finished the year to March 31, 1977, with...

Once again Pauls & Whites are on the up because food and drink continue to go down.

When our financial year ended on March 31, 1977, Pauls & Whites showed a record profit for the sixth year in a row. We increased our turnover by more than 15% and our animal foods company made a strong recovery...



What are we going to do with the profit and the money from the rights issue? We're involved in new investment both here and abroad. We are strengthening our equity base. We intend to use the money to accomplish these things without starving our existing companies of the capital they need to operate even more efficiently and profitably...

Table comparing 1977 and 1976 performance: Turnover (129,165 vs 112,074), Net profit before tax (5,207 vs 4,402), Net profit after tax (2,606 vs 2,160), Dividends (694 vs 634), Earnings per share (13.35p vs 11.03p).

If you'd like to know more about our company and a detailed analysis of our past performance, send for a copy of the annual report to Pauls & Whites, 47 Key Street, Ipswich. Pauls & Whites Ltd.

Table of Dividends Announced: Columns include Company Name, Current payment, Date of payment, Current dividend, Total dividend, Total last year.

ISSUE NEWS

GT Japan issues £2m. of Loan stock

Local loans

CONVERSION OFFER

MARTIN—94.8%

BOURNEMOUTH AND DISTRICT WATER

Over £3m. by Geo. Bassett

£5.88m. by B.E.T. Omnibus

Comment: A 15 1/2 per cent. increase in sales volume steered George Bassett to a 25 per cent. rise in pre-tax profits last year. That stems largely from increased market share due to competitive pricing...

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Standard... Best ever £3.62m. from LCP

THE forecast of substantial profit improvement at LCP Holdings for the year ended March 31, 1977, turns out to be from £2.6m. to a record £3.62m. pre-tax, or from 11.6p to 15.5p per 25p share.

At the trading level, the only division not to show an increase was construction. The company's other interests are in distribution, engineering, homecentres, metals, property and vehicle distribution.

McInerney Properties ahead

After the turnaround from £0.46m. loss to a profit of £1.27m. at halfway, pre-tax profit of £1.27m. has driven the D based construction group, £0.85m. for 1976, compared with the depressed £2,733 of the previous year.

SGB SGB GROUP LIMITED

INTERIM REPORT

Table with financial data for SGB Group Limited: Turnover 29,630, Profit before taxation 3,503, Dividends 24, Earnings per share 7.9p.

NOTE: Claims for Stock Appreciation Relief up to September 1976, of about £1.1 million and for the half year to March 1977 of about £250,000 have still to be agreed with the Inland Revenue and no adjustment has therefore been made to the above figures...

Computing systems. It's results that count. You're interested in results—not a philosophical debate about owning a computer or using a computer service. We want cost effective computing with a minimum of teething problem and headaches.

Standard Chartered reaches £109.9m.

RECORD taxable profit of £109.9m, including £13.1m, share of associates, is announced by Standard Chartered Bank for the year ended March 31, 1977. In the previous year the figures were £82.7m and £7.18m, respectively. The directors explain that as a result of a sale of shares in Standard Bank Nigeria to the Nigerian Government the group's interest in SBN has been reduced to 40 per cent, and this to associated company status. A 40 per cent share of SBN results is included from April 1, 1976, as part of the share of associated companies' profit. In the comparative figures for the previous year its results are included as a subsidiary.

STATED Earnings per 10p (8.5p) net for a total of £13.1m (£13.79p net for a total of £13.79m) - ACT is reduced an additional payment with tax made. At half-year pre-tax profit was £109.9m, £47.5m.

1976-77	1977-78
Bank profit	59,249
Bank and other	50,582
Share	1,168
Taxation	(5,238)
Net profit	109,948
Dividend	(23,000)
Retained	86,948
Reserves	54,187
Share premium	13,790
Capital	109,948

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BOARD MEETINGS

The following companies have notified their board meetings to the Standard Chartered Bank. Such meetings are usually held for the purpose of considering the minutes of the preceding meeting and available financial statements. The directors are based mainly on the year's timetable.

TODAY

1977-78

1977-78	1978-79
Bank and other	50,582
Share	1,168
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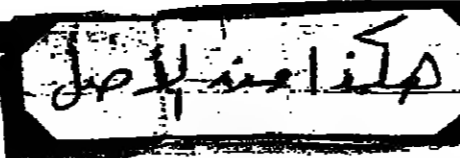
Further progress for WGI

Further progress for WGI is reported by the chairman, Mr. F. P. Stammers, chairman of WGI. He is confident that the company will continue to move forward in all divisions and where appropriate opportunities occur, the directors will act on them. The group is well placed to increase its share of overseas work.

He reports that construction activity at home remains an uncertain quantity. However, the civil division, through the closure of certain regional offices and one manufacturing unit, can trade profitably with a smaller home turnover.

On the mechanical and process side, Cox and Wright, including Cox and Wright (Pneumatics), should continue to make very good progress in the current year.

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Guthrie sees some recompense

Guthrie sees some recompense for the difficulties which have characterized the last two or three years, says Sir Eric Griffith-Jones, chairman, in his annual statement.

With the economies of many of the countries in which the group operates being volatile, the chairman continues to be circumspect in his review of prospects.

Nevertheless, he says that the current year has started well.

In South East Asia, in spite of increased costs of operation, a stable rubber price and improved palm oil prospects are likely to lead to some improvement in the earnings of the plantation interests. Guthrie Berhad, while still in a transitional phase, may contribute modestly to profitability.

In Europe, the drain from French interests was eliminated in 1976, and the U.K. businesses should show further improvement this year, he says.

Better than expected £3.5m. midway at SGB

ON TURNOVER higher at £37.5m. compared with £20.62m., pre-tax profit of S.G.S. Group for the half year ended March 31, 1977, rose from £2.7m. to £3.5m. Sir Edgar Beck, chairman, says that he anticipates that profits for the full year will show a satisfactory improvement over 1976.

Earnings per 25p share are ahead from 8.5p to 9.5p, and the net interim dividend is stepped up from 2.2p to 2.5p. Last year's total was £7.40p paid from profits of £3.7m.

PHIT earns and pays more

COMPARED with a forecast of not less than £1.7m., pre-tax profit of Property Holding and Investment Trust was a record £1.77m. for the year to March 31, 1977, against £1.2m. last time. At half-year profit was £0.82m. (£0.8m.).

For the year stated earnings per 25p share are 6.97p (5.18p); dividend total is 3.533p net (3.33p) with a 3.832p final.

The directors state that an increase of 10 per cent in net revenue of the year available for dividends is forecast for year to March 31, 1978, with a subsequent steady flow of increased rents from reversions and developments.

Leopold Joseph increase

ON TURNOVER UP from £0.43m. to £1.57m., Baroora Tea Holdings reports a pre-tax profit of £778,986 in 1976, compared with a loss last time of £76,588. The profit is struck after adjustments for previous years, credit £402 against a debit of £88,403, and investment income ahead from £1,988 to £2,596.

Sir Colin Campbell, the chairman, states that in the current year the crop has come in well and production is ahead of last year. Assuming current levels are held, another satisfactory year may be anticipated, he adds.

Earnings per 25p share are shown as 86.2p against a loss of 11.3p. Sir Colin says that negotiations have been entered into with the Bangladeshi authorities on an industry basis to agree a formula for the remittance of sterling operating companies' surplus funds, and as soon as a remittance is obtained in respect of the subsidiary, Baroora (Sylhet) Tea Company, the directors will consider the payment of a dividend.

Baroora Tea back in profit

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J. Grant rises to £683,000

Pre-tax profits of house furnishings, James Grant and Co. (East)—a close company—rose from £283,000 to £683,000 for the year ended January 31, 1977, on turnover ahead at £12.8m. against £11.7m.

The directors state that sales in the first three months of the current year are lower than last year and signs are that 1977/78 will be a very difficult year for retailing.

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C. H. Industrials peak profit

EXCLUDING THE Beaver Group, which became a subsidiary of C. H. Industrials in March 1977, pre-tax profit of £50.62m. for the 12 months to March 31, 1977, after £0.3m. at half-year. A year-end forecast of not less than £50.5m. was made in February.

For the previous 12 months to March 31, 1976, the figure was £48.56m. Adjusting 1976-77 results on a 12-month basis, group sales in 1976-77 rose 43 per cent. to £227m.

STATED earnings per 10p share 13.56p (10.3p) and, as forecast, the final dividend is 1.655p for a net total of £3.855p (£3.855p). Both the soft trim and heavy trim divisions continued to experience favourable trading conditions throughout the second half and produced record results. In the second six months, sales rose by 10 per cent. over the first six months to £3.5m. while pre-tax profit improved to £397,516, an increase of 76 per cent.

The accounts have been prepared in line with the principles contained in Exposure Draft 19 of the Accounting Standards Committee as to treatment of deferred taxation. The tax charge at 46,368 represented the estimated liability on the profits for 1976-77 and the 1975-76 results have been restated on a comparable basis.

On completion of the acquisition of Beaver, C. H. Industrials will have in issue 835m. Ordinary 10p shares. On a consolidated basis, the net tangible assets of the enlarged group will total £3.1m., equivalent to 53.3p per ordinary share. This represents an increase of 63 per cent. in net assets per share compared with 32.9p per share at March 31, 1976. A three-for-five bonus issue is proposed on the capital as increased by the acquisition of Beaver.

Year 14 mths. 1976-77 1977-78

Sales	227,393	312,640
Profit	50,620	50,620
Exceptional debit	(5,238)	(5,238)
Profit before tax	45,382	45,382
Taxation	(40,527)	(40,527)
Net profit	4,855	4,855
Reserves	10,439	4,855
Retained	(5,584)	(6,733)

The new shares will rank for the C.H. Interim dividend in respect of the current year. CH will then have in issue 10.45m. ordinary 10p shares and will qualify as a Trustee Investment.

The directors state that an interim dividend of 1.5p (10.7p) will be paid in February 1978 and for 1977-78 as a whole, in the absence of restrictions, they expect to recommend not less than 2.5p on the existing shares and 3p on the new shares, compared with 1.835p.

MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 8 per cent. (since May 13, 1977)

Quiet conditions prevailed in London's Money Market yesterday, and the money shortage which had been alleviated by the authorities lending a small amount to the home market, was resolved with a slight net take up of Treasury bills as well as an unusual increase in the note circulation. In addition to these came the repayment of Monday's moderate advances. Banks brought forward full balances thus providing the only factor in the market's favour. Indications were that official intervention had been slightly overdone. Discount houses bid around 7 1/2 per cent. for secured call loans at the start, and rates eased during the day to close at 7 per cent., although some money may have been seen at 6 1/2 per cent.

In the interbank market overnight loans remained at 7 1/4 per cent. throughout with a tendency to firm up to 7 1/2 per cent. after hours. Activity picked up in Sterling Certificates of deposit with the six-month yield showing an earlier 1977-78 rate of 8 1/2 per cent. Rates in the table below are nominal in some cases.

Bank of England Minimum Lending Rate	Interbank	Local Authority deposits	Local Authority negotiable bonds	Finance House Deposits	Company Deposits	Discount market	Overnight bills	Eligible Bank Bill	Fine Trade
8%	7 3/4%	7 3/4%	7 1/2%	7 3/4%	7 3/4%	7 1/2%	7 1/2%	7 1/2%	7 1/2%

MILFORD DOCKS

Mr. C. A. V. Smith, chairman of Milford Docks Company stated at the AGM that a number of new contracts have been obtained since the end of 1976 and that the company has more going for them than ever before.

The directors state that an increase of 10 per cent in net revenue of the year available for dividends is forecast for year to March 31, 1978, with a subsequent steady flow of increased rents from reversions and developments.

TKM CONVERSION SANCTIONED

At a meeting of stockholders of Tower Kemsley and Hillbourn (TKM) an extraordinary resolution was passed which sanctioned the scheme for conversion of the 8 per cent convertible Unsecured Loan stock, 1961, on improved terms.

The directors of Hawkins & Tipson state that the net interim dividend of 1p per share will be paid on July 28, 1977, in respect of any change of share which may make in taxation.

The results of Beaver for the 12 months ended March 31, 1977, show sales of £20.62m. and profit £3.5m., compared with £11.7m. sales and £1.2m. profit for the previous 12 months. The group's results were £4.8m. and profit £0.3m.

WHICH INTERNATIONAL CONSTRUCTION COMPANY IS THE 3RD LARGEST PRIVATE HOUSEBUILDER IN THE UK?

The same company that manufactures and lays more roof waterproofing materials than any other in Europe.

The same company that has the largest production of blacktop for roads in the UK.

The same company that owns 100 quarries with reserves of 3000 million tonnes of stone.

The same company that, every day is working on as many as 700 building and civil engineering contracts in the UK and around the world.

While Tarmac just means home to some, it's the diversity of our activities which gives us a unique strength in the construction industry.

Big in construction. Rich in resources.

MINING NEWS

Denison pushes ahead with Quintette coal

BY PAUL CHEESRIGHT

THE BIGGEST oil producer in Canada, Imperial Oil, a subsidiary of Exxon Corporation of the U.S., has formally agreed to join Denison Mines and two Japanese groups in the Quintette coal consortium to develop a 2.8bn. tonnes metallurgical coal deposit in the north east of British Columbia.

Lytton cancels plans for La Verde

PLANS TO develop the La Verde copper deposit in Mexico have been cancelled. Development was suspended in 1975 and over the past year the project has been reassessed by Lytton Minerals, the Canadian group, which is the largest single shareholder.

BIDS AND DEALS

Singlo dividend guarantee

Shareholders in Purbeck Group have been told that they will be allowed to retain an interim dividend of 3.48p per share under the terms of the disputed take-over bid from Singlo Holdings.

NO TAKE-OVER FOR GOMME

Shareholders in Gomme Holdings makers of G-Plan furniture, dropped 14p yesterday to 61p having been as low as 56p.

SHARE STAKES

Shareholdings in the possible acquisition of Gecco Products and C. G. Paxton, the plastics products manufacturing subsidiary of G. R. Davies, by McKechnie Products have reached an advanced stage.

CHARTERHOUSE DEVELOPMENT

Charterhouse Development Capital has bought a 28.5 per cent stake in the equity of R. Freight Group at a price which values the latter at over £700,000.

MORRIS & BLAKEY ACQUISITION

Morris and Blakey Wallpapers announces that it has acquired the business of Kier Addison, which owned subsidiary Barwell Estates for a total consideration of £126,296.

ALLIED INSULATORS

Allied Insulators has acquired 75 per cent of the shares in Advanced Materials Engineering, which produces a range of electrical insulation products.

Dorman Smith funds adequate

Conditions in Dorman-Smith's sector of the electrical industry remain difficult, says Mr. T. G. F. Atherton, the chairman. It is, he says, quite impossible to forecast the likely turn of events during the coming year.

Progressive Securities little change

Gross revenue of Progressive Securities Investment Trust for the year ended March 31, 1977, fell down from £11,752 to £12,675 and pre-tax revenue was slightly lower at £108,769 against £106,985.

Jas. Dawson orders double so far

The current value of orders in hand at Dawson's industrial hand tool makers James Dawson and Son are double the previous year according to Mr. Edwin Tutty, the chairman.

Carlton confident of further improvement

IF PRESENT TRENDS continue, says Mr. Leon Roydon, the chairman of Carlton Industries, a principal subsidiary of London Merchant Securities, a further substantial increase in group profits for the current year is confidently expected.

At the start of the current year, order books show an increase over the same time last year in all three of the group's principal activities, Mr. Roydon adds.

Mr. Roydon says that there are now signs that the political climate for house building is improving and that there is a significant increase in demand currently being experienced by Invergon Distillers. However, once again the major growth in the battery division and in particular battery exports, he says.

Berkeley Hambro Property

BECAUSE of the steps being taken to reduce the level of borrowings, in particular foreign currency borrowings, Berkeley Hambro Property Company cannot look to an immediate upswing in profits, Mr. J. Hambro, chairman, tells members.

NATIONAL MUTUAL

The National Mutual Life Assurance Society is lifting its rate of Final Bonus as from July 1 to 30 per cent, all attaching bonuses on a with-profit contract. The previous rate is 25 per cent.

Brit. Syphon expands to meet demand

Mr. J. M. Anderson, chairman of British Syphon Industries said at the AGM that the company has recently contracted to purchase two further sites in the Surrey area. One is for the carton manufacture and packaging company, Greenups, and the other for the cutlery company, George Ibberson.

Target sees progress in second half

Furniture manufacturers, Target reports a fall in pre-tax profits from £22,890 to £70,561 for the six month period ended March 31, 1977, on turnover ended at £2.22m, against £1.96m.

Charges Position at March 1977 better than anticipated, no increases in 1977/78 water charges.

Water Resources Due to falling birth rate, our sources should be adequate until mid 1990's.

Capital Expenditure This year sees the start of a major plant renewals programme at a cost of about £800,000 in the current year.

Pauls & Whites on budget

THERE IS every indication the first quarter of the current year at Pauls and Whites, reports Mr. M. G. F. Bearing in mind that the is to continue to increase and strengthen the company's position, the directors afford to be cautiously optimistic.

As known, taxable profit for year to March 31, 1977, was £4.4m, to £2.2m, and net was up from £12.0m to £13.1m.

As forecast, the prices of raw materials increased a little during the year but an increase in short-term borrowing from £7.55m to £11.04m was well within the face agreed with bankers and quoted funds were available for foreseeable trading needs.

At year-end future expenditure was shown to be £3.8m (vs. £3.67m). Working capital increased to £10.8m (vs. £8.2m).

Wm. Press set to prosper

Having regard to the current position, Mr. W. A. F. Ken, chairman of William Press & Son, engineering contractor says that he is confident group will continue to prosper.

THE EAST SURREY WATER COMPANY

(Points from the Annual Statement for the year to March 1977 by the Chairman Mr. P. D. Davey, F.C.A.)

The drought of 1976 Water industry, in general, came through the drought with credit.

Nationalisation of Water Companies The Directors, in conjunction with the Water Companies' Association, are to oppose any such proposals to the best of their ability.

Charges Position at March 1977 better than anticipated, no increases in 1977/78 water charges.

Water Resources Due to falling birth rate, our sources should be adequate until mid 1990's.

Capital Expenditure This year sees the start of a major plant renewals programme at a cost of about £800,000 in the current year.

London Road, Redhill, Surrey. RH1 1JL.

FRASER'S TALKS IN EUROPE

The Australian Prime Minister, Mr. Malcolm Fraser, has hinted at difficulties in negotiating the terms under which Australian uranium oxide might be sold to Europe. Such sales would depend on the Australian Government making a decision to allow

HEINZ SCHEME APPROVED

The Scheme of Arrangement by which Heinz Pittsburg is to buy out the 8.06 per cent minority Heinz U.K. for around £8m, has been approved by shareholders at an extraordinary meeting in London.

LONSDALE SELLS SCOTTISH INTERESTS

Lonsdale Universal Stationers has exchanged contracts for the sale of its Scottish interests to D. C. Gourlay, a subsidiary of Scotchcrops of Glasgow.

Preliminary Announcement

CONSTRUCTION - DISTRIBUTION ENGINEERING - HOMECENTRES METALS - PROPERTY VEHICLE DISTRIBUTION

Record results with turnover passing the £100m mark

Table with 3 columns: Year ended 31st March, 1977, 1976. Rows include Sales, Trading profit, Profit before tax, Profit after tax, Net earnings per share, Dividends payable per share, Net assets per share.

The Pensnett Trading Estate has been professionally valued at £16.5m., giving rise to a surplus of £3.2m. The Stourbridge and Willenhall Trading Estates together with Pensnett are to be retained as long term investments.

It has been considered appropriate to release £3.5m. of deferred tax provisions relating to stock appreciation and the comparative figures for 1976 have been adjusted accordingly.

The group capital and reserves are now £22.6m. The Report and Accounts will be circulated to shareholders on 22nd July and the Annual General Meeting will be held on the 17th August.

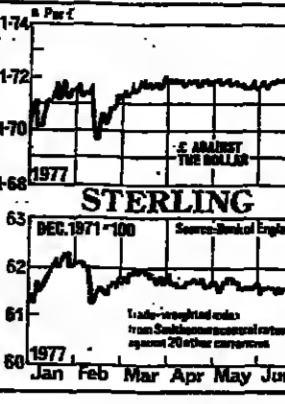
L.C.P. Holdings Limited PENSNETT TRADING ESTATE, BRIERLEY HILL, WEST MIDLANDS

WORLD STOCKS + OVERSEAS MARKETS
Dollar Exchange
Dollar steadier
Holding up despite bearish news

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 28

The U.S. dollar initially lost a little ground in yesterday's foreign exchange market as the effect of a comparatively gloomy economic outlook prompted a general switching out of dollars.



GOLD MARKET table with columns for Gold Bullion, Gold Bars, and Gold Coins.

FOREIGN EXCHANGES table showing rates for various currencies like Swiss Franc, British Pound, etc.

OTHER MARKETS table listing various international market movements.

STOCK MARKET ISSUES struggled to hold their own but the rest of the market trended higher in moderate trading. Earlier weakness was attributed to some unfavourable news, such as reports of poor June steel sales and a decline in consumer confidence.

Projected lower 1978 earnings for chemical companies. Du Pont is holding up better than most. Dow Jones closed 2.54 points lower at 1,073.27.

Other Markets. PARIS—The market was slightly easier with most sectors lower except for Oils and Banks which were mixed.

Other Markets. TOKYO—Share prices closed mixed with a steady upward trend. The Nikkei 225 rose 15.28 points to 2,248.95.

Other Markets. AMSTERDAM—The market was narrow, mixed and generally flat. The AEX rose 1.28 points to 1,100.84.

Monday's Active Stocks. Stocks traded 100,000,000 shares. Dow Jones rose 2.54 points.

Canada mixed. Canadian stock markets displayed a mixed trend yesterday. The TSX rose 1.28 points to 1,100.84.

Indices. NEW YORK—DOW JONES. June 27-28, 29, 30, 31, 1977. High, Low, Close.

Indices. MONTREAL. June 27-28, 29, 30, 31, 1977. High, Low, Close.

Indices. TOBACCO. June 27-28, 29, 30, 31, 1977. High, Low, Close.

Indices. STANDARD AND POORS. June 27-28, 29, 30, 31, 1977. High, Low, Close.

Indices. OVERSEAS SHARE INFORMATION. NEW YORK. June 27-28, 29, 30, 31, 1977.

Indices. OVERSEAS SHARE INFORMATION. LONDON. June 27-28, 29, 30, 31, 1977.

Indices. OVERSEAS SHARE INFORMATION. PARIS. June 27-28, 29, 30, 31, 1977.

Indices. OVERSEAS SHARE INFORMATION. AMSTERDAM. June 27-28, 29, 30, 31, 1977.

Indices. OVERSEAS SHARE INFORMATION. TOKYO. June 27-28, 29, 30, 31, 1977.

Indices. OVERSEAS SHARE INFORMATION. HONG KONG. June 27-28, 29, 30, 31, 1977.

Indices. OVERSEAS SHARE INFORMATION. SINGAPORE. June 27-28, 29, 30, 31, 1977.

Indices. OVERSEAS SHARE INFORMATION. AUSTRALIA. June 27-28, 29, 30, 31, 1977.

Indices. OVERSEAS SHARE INFORMATION. NEW ZEALAND. June 27-28, 29, 30, 31, 1977.

Indices. OVERSEAS SHARE INFORMATION. BRAZIL. June 27-28, 29, 30, 31, 1977.

Indices. OVERSEAS SHARE INFORMATION. JOHANNESBURG. June 27-28, 29, 30, 31, 1977.

Indices. OVERSEAS SHARE INFORMATION. SWITZERLAND. June 27-28, 29, 30, 31, 1977.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

AUSTRIAN COMPANIES

AUA posts record year

BY PAUL LENDVAI VIENNA, June 28.

AUSTRIAN AIRLINES (AUA) announced a 4 per cent bonus in addition to an unchanged dividend of 4 per cent for 1976. The Board reports that it was in every respect a record year, the number of passengers carried rose 16 per cent to 1,066,000, the average load factor climbed from 46.6 per cent to 48.1 per cent. The result for the first quarter of this year, which shows a further rise of passenger traffic of 17 per cent, indicates that AUA is heading for another good result in 1977.

Total earnings from air transport were up from Sch.1,630m (£36.3m.) to Sch.2,050m, a doubling of revenues compared with 1976. After taxes of Sch.51m, and allocations to reserves of Sch.33m, net profits rose by more than 16 per cent to Sch.215m, including the carry-forward of Sch.64.2m.

AUA has an 80 per cent controlling interest in Austrian Air Transport Charter Company, which reported a 32 per cent jump in charter passengers to an all-time peak of 272,000. Freight traffic during the recorded period was up by 23 per cent, while personnel at the end of 1976 totalled 2,057, or 3 per cent up on the level registered a year earlier.

Investments last year reached Sch.344m, including the acquisition of one DC-9 airliner. Spending this year is expected to total Sch.486m, with the company planning to purchase two further DC-9-31s in 1977-78.

Excluding transit, AUA had a 52 per cent share of arrivals and departures recorded last year in Austria; in terms of total passengers captured the proportion rises to 55 per cent. Last summer AUA flew from 34 cities in 25 countries, including new routes to Düsseldorf, Helsinki

and Cairo as well as resumption of services to Stockholm and the Vienna-Salzburg-London link.

Payment cut at Nettingsdorfer

NETTINGSDORFER AG, an Austrian paper company, is halving its dividend from 8 per cent to 4 per cent for 1976 on the Sch.73m capital. Despite a record output of pulp and paper, the high exchange rate of the Austrian schilling and the repercussions from world-wide surplus capacities have resulted in a reduction of earnings, the Board said.

Thus, though the output of paper in 1976 was up by 8 per cent to 133,000 tonnes and that of pulp by 6 per cent to 113,000 tonnes, gross turnover last year was only a rise of 2 per cent to Sch.893m. It is hoped that the worst is over, as far as the development of prices is concerned but the Board reckons at the best only "a balanced result" this year. Investment this year should reach Sch.110m. Net profits was Sch.2.9m.

Stanbic lifts returns on funds

By Richard Roffe JOHANNESBURG, June 28.

STANDARD BANK Investment Corporation (Stanbic), the South African arm of Standard and Chartered Group, says in its annual report that its objective for the current year (to March 31, 1978) is to raise its return on year-end shareholders' funds to 16 per cent, a target which implies a sharp increase in profitability over 1976-77.

Last year shareholders' funds were R184m, and taxed profits R212m, giving a return of 11.5 per cent. The forecast means that Stanbic hopes to achieve a higher return than in any of the past four years, over which the average return on year-end shareholders' funds has been 12.9 per cent.

Externally, the group says that among its crucial assumptions are that the gold price will not fall below \$125 for any sustained period, that the money supply will rise at an annual 9.5 per cent, that credit ceilings will be partially lifted during the current year and that South African GDP will be unchanged over 1976.

Internally, having taken a mid bath with its R12m price provision against its exposure to Glen Hill, the failed township developer, Stanbic clearly hopes provisions in the current period will be on a far lower scale. In addition, it will again be attempting to raise net interest margins, which improved last year, when gross income from funds was up by 18.6 per cent, and cost of funds by 17.6 per cent.

Stanbic ranks among the big three South African banks, with Barclays National and Volkskas, but has for some time been more lowly rated in the stock market, where its shares at 236 cents yield a historic 9.6 per cent in relation to the other majors' 7.7 per cent, and 8.5 per cent, respectively. Yet for the current year, with earnings clearly on the upgrade, the chairman predicts a narrow-cut of 50 per cent, which suggests a dividend of 22.5 cents to at least 25 cents.

Like other U.K. controlled banks, Stanbic has to achieve a 100 per cent local participation by 1986, while Standard and Chartered at present holds 67 per cent of Stanbic.

SWEDISH COMPANIES

Further growth predicted this year at Esselte

BY WILLIAM DULLFORCE STOCKHOLM, June 28.

ESSELTE, the Swedish office sales equipment and printing group which has been growing vigorously abroad over the past three years, is cautiously forecasting earnings of just over Kr.150m, (£20m.) for 1977-78 compared with the Kr.143m achieved in the year ending March 31. Sales are expected to grow by about 10 per cent, to around Kr.240m, (£30m.). It is stated in the final report for 1976-77.

Turnover will then have nearly doubled since 1973-74, when Esselte launched its international expansion, while earnings will be more than tripled. In that period the group has spent Kr.211m (£28m.) in buying seven foreign companies, including Pembroke Packaging and Benson International Systems in Britain and Oxford Pendaflex in the U.S.

Last year these companies accounted for about one-third of the Kr.85m earnings growth. These companies included in the annual account for the first time were responsible for 31 per cent, increase in group sales to Kr.2,160m in 1976-77.

The financial analysis of that account, Esselte has made an agreement with John Bartholomew and Son of Edinburgh, which will provide an outlet in Britain for its school map range and will eventually lead to Swedish participation in Bartholomew's.

The group is organised in nine product divisions, of which bus-

Electrolux sells unit

BY OUR NORDIC CORRESPONDENT STOCKHOLM, June 28.

ELECTROLUX has sold its South African subsidiary, Electrolux Pty Ltd., to the Capetown company, Columbus Holdings, and is looking for a buyer for its South African industrial cleaning unit.

The main reason for the disposal of Electrolux's interests in South Africa is Sweden's ban on further investments in that country. Both companies are running at a loss and new investment capital would be required to get them into profit, according to Mr. Harry Eriksson, an Electrolux director.

Electrolux Pty Ltd. was founded in 1927 and was later sold to the Swedish company's British subsidiary. It produces vacuum cleaners and has annual sales of just over Kr.30m (£4m). Columbus Holdings manufactures industrial cleaning equipment and floor polishers.

ment capital would be required to get them into profit, according to Mr. Harry Eriksson, an Electrolux director.

The small Dortmund Kronen Brauerei, for instance, has just completed a five-year investment programme in which it spent DM197m, to improve its plant and production technology.

German beer sales sluggish

BY GUY HAWTIN FRANKFURT, June 28.

WEST GERMANY is a country which takes its beer drinking seriously and it will probably come as something of a surprise for foreigners to learn that some of the country's largest breweries have had trouble pushing up sales.

Dortmunder Union-Schultheiss Brauerei—the largest country brewery—has complained that growth in the soft drinks and specialty fields, failed to offset the decline in beer sales. Henninger, the big Frankfurt brewery, in a slightly happier vein, reported a small growth in beer sales after a two-year decline.

The brewing industry in West Germany, despite the country's liking for its products, has produced nothing like the British brewery plants, a combination of the traditionally strict regulations of brewing laws, coupled with the anti-monopoly legislation has served to keep the industry relatively small.

Some beer drinkers here contend that the reason the larger breweries have not done so well is that their products are inferior

GM Board move

BY OUR OWN CORRESPONDENT NEW YORK, June 28.

THE FORMER United States Public Policy Committee, The Ambassador to Great Britain, later advised GM on matters where its operations have an impact on the general public.

Mrs. Armstrong was also recently elected to serve as a member of the Board of Braniff International, the holding company which owns Braniff Audit Committee and on the Airways.

La Redoute forecast

THE LEADING French mail order house, La Redoute, expects turnover to grow from Frs.2,450m, in the financial year ended February 28, 1977, to some Frs.3,950m, by the business year 1980-81, with net profits increasing from Frs.415m, to Frs.62m, reports our Zurich correspondent.

In about two years' time La Redoute, which is based in Roubaix, hopes to list its shares on the Zurich Stock Exchange.

Bainbridge Engineering Limited
Manufacturers of prefabricated house building components and production of tungsten carbide bearings.

Points from the Statement by the Chairman Mr. Dennis Freidjahn

The record profits of the Bainbridge Group at £232,630, show a 58% improvement over last year. The Earnings per Share rose 66% to 6.61p.

These outstanding results were made in a year of continuing difficulties in the construction industry.

The contribution from Spheric Engineering was extremely satisfactory and the Company is proving to be a most successful acquisition. Its achievements in the export field, which now include Soviet Russia, are particularly encouraging.

The current year is likely to be difficult and uncertain, particularly where house building is concerned, but our diversification programme is proving its value and Spheric are confident of another excellent year.

We are therefore quite optimistic about the Group's continued progress.

We continue to examine potential acquisitions but our standards are rightly high. Nevertheless we hope to be able to report more progress soon.

We are pleased to welcome Mr. J. R. Pratt to our Board, reflecting the success and importance of our investment in Spheric.

EUROBONDS

Strong demand for Grand Met.

BY FRANCIS GHILES

VERY STRONG investor demand for the DM60m Grand Metropolitan bond is reported and not only from the U.K. Although the company generates most of its earnings in the U.K., unlike recent U.K. companies which have tapped the bond market such as Reed and Bowater, Grand Metropolitan is considered very high quality. With its mix of brewing, hotels and other leisure oriented activities it is doing well and cannot fail to prosper from the continuing tourist boom in the U.K.

There is a new Finnish borrower in the market, the country's largest commercial bank, Kansallis-Osake-Pankki, is raising a \$30m, floating rate note due in 1983. The coupon is 4 per cent, over Libor with a minimum of 6 1/2 per cent, per annum. These terms are similar

to the recent Union Bank of Finland bond and suggest Finland's standing remains good. Lead manager of the underwriting group is European Banking Corp.

The trend in the secondary market was firmer yesterday than at the start of the week with dealers reporting more trading. The main reason for the underlying strength appears to be the broader set of new issues. Citibroadex set off to a flying start and was being quoted at 100 1/2 while Canadian Pacific improved on Tuesday and was being quoted at 100 1/2.

In the Canadian dollar sector, Walter Heller was priced at par. The French department of Hauts de Seine is floating a S.Frs.50m, six year, 15 year loan which has been priced at par.

In its analysis of the bond market in Financial Market Trends the OECD notes that issuing activity in the first half of 1976 continued to be strongly concentrated in the Eurodollar sector of the market.

This is the second year running that the U.S. dollar has accounted for the lion's share of the issuing market. At the same time the Canadian dollar sector has shrunk due partly to exchange rate considerations while the DM sector notched up one-fifth of the total.

One new development in the introduction of the Yen as a denomination unit for Eurobond offerings and the announcement that the Japanese authorities were favourable to its increased use for this purpose.

The report notes that the buoyancy of the market had been due to the persistence of historically-wide interest-rate differentials in both the euro-dollar and the euro-DM compartments and "the growing sentiment of borrowers that such favourable conditions were unlikely to last much longer."

Bank themselves remained strong sellers of international securities as a highly profitable investment in a period of weak credit demand from domestic customers, but institutional investors attracted by the high quality of the paper also gave strong support to the market.

The report forecasts lower borrowing by corporates and public sector borrowers with the OECD and an increase in the amount raised by entities outside, such as international organisations. The largest LDCs are also expected to continue tapping the international market as a way of supplementing medium term funds through banking syndicates as well as to strengthen their position as regular market participants. Mexico is a case in point.

Laurentide Financial Corporation Ltd.
Reports Higher Earnings.

Consolidated after-tax earnings in the quarter ended March 31, 1977 were Can \$ 1,643,000 compared with Can \$ 1,284,000 in the same period last year. Earnings per common share increased 42% to 33.2 cents from 23.4 cents.

Consolidated financial receivables at the end of the quarter were 7.8% above their level a year ago. Earnings were favourably affected by lower interest rates on bank loans and other short term borrowings.

Laurentide Financial Corporation Ltd. with Head Office in Vancouver, British Columbia, Canada is a major Canadian-owned financial corporation. Through a network of 230 offices throughout Canada we provide diversified financial, leasing and specialty insurance programmes to Canadian consumers and businesses.

First Quarter Operating Summary

	Can \$	Change from First Quarter 1976
Finance receivables	499.6 million	+ 7.8%
Gross income	20.7 million	+ 7.7%
Cost of borrowing	7.6 million	+ 4.4%
Net earnings	1.6 million	+ 30.0%
Earnings per common share	33.2 cents	+ 41.9%

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

Bid	Offer	Mid	Offer	Mid	Offer
Alcan Australia 8 1/2% 1980	104	105	106	105	106
Austrian 8 1/2% 1980	101	102	103	102	103
Australian M. & S. 9 1/2% '82	100	101	102	101	102
Banque Paribas 8 1/2% 1980	102	103	104	103	104
Bank of Montreal 8 1/2% 1980	101	102	103	102	103
Banque de Paris 8 1/2% 1980	101	102	103	102	103
BCI 8 1/2% 1980	101	102	103	102	103
BEI 8 1/2% 1980	101	102	103	102	103
Banque de Bruxelles 8 1/2% 1980	101	102	103	102	103
Banque de Commerce 8 1/2% 1980	101	102	103	102	103
Banque de France 8 1/2% 1980	101	102	103	102	103
Banque de Londres 8 1/2% 1980	101	102	103	102	103
Banque de Montevideo 8 1/2% 1980	101	102	103	102	103
Banque de New York 8 1/2% 1980	101	102	103	102	103
Banque de Rio de Janeiro 8 1/2% 1980	101	102	103	102	103
Banque de Sao Paulo 8 1/2% 1980	101	102	103	102	103
Banque de Valparaiso 8 1/2% 1980	101	102	103	102	103
Banque de Buenos Aires 8 1/2% 1980	101	102	103	102	103
Banque de Lima 8 1/2% 1980	101	102	103	102	103
Banque de Santiago 8 1/2% 1980	101	102	103	102	103
Banque de Caracas 8 1/2% 1980	101	102	103	102	103
Banque de Bogota 8 1/2% 1980	101	102	103	102	103
Banque de Medellin 8 1/2% 1980	101	102	103	102	103
Banque de Pereira 8 1/2% 1980	101	102	103	102	103
Banque de Bucaramanga 8 1/2% 1980	101	102	103	102	103
Banque de Manizales 8 1/2% 1980	101	102	103	102	103
Banque de Medellin 8 1/2% 1980	101	102	103	102	103
Banque de Cali 8 1/2% 1980	101	102	103	102	103
Banque de Pasto 8 1/2% 1980	101	102	103	102	103
Banque de Neiva 8 1/2% 1980	101	102	103	102	103
Banque de Tunja 8 1/2% 1980	101	102	103	102	103
Banque de Boyaca 8 1/2% 1980	101	102	103	102	103
Banque de Cesar 8 1/2% 1980	101	102	103	102	103
Banque de Magdalena 8 1/2% 1980	101	102	103	102	103
Banque de Santander 8 1/2% 1980	101	102	103	102	103
Banque de Tolima 8 1/2% 1980	101	102	103	102	103
Banque de Valle del Cauca 8 1/2% 1980	101	102	103	102	103
Banque de Cauca 8 1/2% 1980	101	102	103	102	103
Banque de Choco 8 1/2% 1980	101	102	103	102	103
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Banque de Risaralda 8 1/2% 1980	101	102	103	102	103
Banque de Tolima 8 1/2% 1980	101	102	103	102	103
Banque de Valle del Cauca 8 1/2% 1980					

STAR WARS

Wall Street hit for Fox

BY ART GARCIA IN LOS ANGELES

AN AMERICAN film-hit called "Star Wars" is doing almost as much for good old-fashioned movie fun as it is for the cash...

"We have got three films out there that are doing very well - 'Star Wars', 'The Omen' and 'Silent Movie'...

Palm oil lifts KLK first-half profits

Financial Times Reporter

KUALA LUMPUR Kepong, one of Malaysia's larger rubber and palm oil producers, this morning reported sharply higher profits...

OECD forecasts rise in demand for loans

BY FRANCIS GHILES

THERE APPEARS to be no reason to expect a let-up in demand for OECD public sector entities whose borrowing has been particularly large this year...

BNP opposes nationalisation

BY ROBERT MAUTHNER

THE CHAIRMAN of one of France's three nationalised banks, M. Pierre Ledoux, of the Banque Nationale de Paris, has come out unequivocally against the nationalisation of the whole of the banking and financial sector...

Steyrermuehl dividend

STEYRERMUEHL, THE Austrian paper producer announces a 6 per cent dividend for 1976...

STEYRERMUEHL, THE Austrian paper producer announces a 6 per cent dividend for 1976, the first since 1959 on the Sch.120m. capital.

Upturn at Realty Dev.

REALTY DEVELOPMENT Corporation, part of the Wheelock Marden group, announced a consolidated profit of HK\$3.2m for the year to March 31, up from HK\$2.34m...

Matsushita expects less growth

BY DOUGLAS RAMSEY

MATSUSHITA ELECTRIC Industrial Company has announced record sales and earnings for the year to May 20, but has predicted that its net earnings in fiscal 1977 will be 12.5 per cent, or less than half the 26 per cent recorded in fiscal 1976...

AIRLEASE INTERNATIONAL FINANCE LIMITED. Copies of the annual audited Financial Statements of Airlease International Finance Limited for the year ended 31st December, 1976, are available from the Company at P.O. Box 1179, Reid House, Church Street, Hamilton, Bermuda, and from the offices of: KLEINWORT, BENSON LIMITED 20 Fenchurch Street London EC3P 3DB.

Airlease International Finance Limited U.S. \$20,000,000 9 per cent. Guaranteed Bonds 1986

REDEMPTION OF BONDS ON 1st AUGUST 1977

Airlease International Finance Limited announces that, for the redemption period ending on 1st August 1977 for the above issue, it has purchased and duly cancelled and surrendered bonds of US\$200,000 principal amount.

DRAWING OF BONDS

Notice is hereby given that a drawing of bonds of the above issue took place on 23rd June 1977 attended by Mr. Richard Graham Rosser of the firm of De Pinna Scorers & John Venn, Notary Public, when 800 bonds for a total principal amount of US\$800,000 were drawn for redemption on 1st August 1977 at their principal amount.

Table with 20 columns of bond numbers for redemption on 1st August 1977.

On or after 1st August 1977 the above bonds may be presented for redemption at their principal amount at the specified offices of the paying agents appointed as mentioned in the Terms and Conditions printed on the reverse of each bond.

Report from the Sumitomo Bank

The Sumitomo Bank saw increases in both income and assets for fiscal 1976 despite the sluggishness of the world economy.

The Sumitomo Bank Limited Consolidated Balance Sheet

Consolidated Income, Stockholders' Equity, Business Increases, and Outlook for Fiscal 1977. Includes consolidated balance sheet as of March 31, 1977.

Indications are that the environment of banking will become increasingly severe during fiscal 1977. However, the management is confident that the Sumitomo Bank will continue to serve stockholders and customers calling on its resources and expertise to meet the needs of the day.

The Sumitomo Bank, Limited. Osaka, Tokyo, Kyoto, Kobe, Nagoya and other major cities in Japan. London, Gussardorf, Brussels, Vienna, New York, Chicago, San Francisco, Seattle, Mexico City, Sao Paulo, Hong Kong, Singapore, Jakarta, Sydney, Beirut, Tehran, Cairo.

FARMING AND RAW MATERIALS

Silkin asks for farmers' opinions

By Our Commodities Staff
JOHN SILKIN, Minister of Agriculture, has invited farming unions and organisations representing the agricultural industry and community to let him have their views on the progress of the Government's scheme to increase food output from British farms.

Ulster meat jobs threat

By Alan Watson
BELFAST, June 28. SIX MEAT processing plants in Ulster, bava put their 3,000 workers on protective notice. They claim they may be forced to close within a week because of shortages of animals for slaughter.

Lamb subsidy likely as market prices dive

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT
FOR THE FIRST time since August 1976, sheep farmers are likely to receive a deficiency payment of about 9p per kilogramme on all lambs certified for sale this week, according to the Meat and Livestock Commission.

U.S. may act to cut wheat crop

BY CHRISTOPHER PARKES
MR. BOB BERGLAND, the U.S. Agriculture Secretary, is considering paying farmers to reduce their wheat acreages next year because of a threatened world market glut and price collapse.

Further fall in copper market

By John Edwards, Commodities Editor
COPPER LED a general decline on the London Metal Exchange base metal markets yesterday.

Greek contract move angers coffee trade

By Our Own Correspondent
ATHENS, June 28. EUROPEAN COFFEE exporters are up in arms over a refusal by the Greek Ministry of Commerce to approve import licences for coffee.

NORTH SEA FISHING

Drastic action urged to save herring

BY RICHARD MOONEY
THE U.K. Government is likely to take the beleaguered North Sea herring fishery under its own protection from the end of this week.

Hides market steady after spring slump

BY OUR COMMODITIES STAFF
MARKET prices for hides are steady again after the recent spectacular slump which lopped as much as 30 per cent of values in one week.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS
COPPER - Sharply lower reflecting the market view that a strike in the industry in the U.S. was less likely.

WHEAT
The market opened steady in this volume. The physical market lacked buyers. Although stocks remained healthy, the market was closed.

SOYBEAN MEAL
The market opened steady in this volume. The physical market lacked buyers. Although stocks remained healthy, the market was closed.

SUGAR
LONDON DAILY PRICE (raw sugar)
111.00 (112.00) a tonne for July-July shipment.

COFFEE
In a day of fluctuating fundamentals the closing range showed changes from 127 down to 125.5 on an advance.

PRICE CHANGES

Metals
Aluminium - 1990 - 1590
Copper - 1977 - 1977
Iron - 1977 - 1977

Grains
Wheat - 1977 - 1977
Soybeans - 1977 - 1977
Corn - 1977 - 1977

Oil
Crude Oil - 1977 - 1977
Fuel Oil - 1977 - 1977

Wool
Wool - 1977 - 1977

Meat/Vegetables
Meat - 1977 - 1977
Vegetables - 1977 - 1977

Other Commodities
Cocoa - 1977 - 1977
Rubber - 1977 - 1977
Grains - 1977 - 1977

U.S. Markets

Cocoa-Ghana and Bahia spots
NEW YORK, June 28.
Cocoa - 1977 - 1977
Wheat - 1977 - 1977
Soybeans - 1977 - 1977

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With your help we've already saved more than 100,000 lives.
But a new lifeboat now costs more than £100,000 and thousands to maintain. So we need your help more than ever.

U.S. view on commodity agreements
WASHINGTON, June 28.
THE U.S. Government will oppose any effort to use commodity agreements as a means of redistributing wealth among nations.

FINANCIAL TIMES
REUTERS
DOW JONES
MOODY'S
MORE RUSSIAN COTTON LIKELY

Journalist

FINANCIAL TIMES REPORT

Wednesday June 29 1977

Botswana

A model of political stability and a lesson in democracy for other parts of Africa, Botswana is hampered by the political tensions surrounding it. But although largely reliant on neighbouring South Africa, its growing mining industry promises future wealth and prosperity.

This report was written by Quentin Peel, Southern Africa Correspondent

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Island
in a
sea of
strife

BOTSWANA IS A front line state in Southern Africa in far more than name alone. Geographically, it is practically hemmed in by the opposing lines of armed white minority rule, surrounded by Rhodesia (South Africa) and Namibia (South West Africa), except for the famous link of a ferry to Zambia across the Zambezi. Economically it depends almost totally on a railway line owned and operated by Rhodesia, and in jobs in South Africa's mines most of its able-bodied young men. But politically, in spite of its vulnerability, it remains a non-racial state unambiguously opposed to the continuance of white supremacy in its neighbour states.

Such a move would have a far more disastrous effect on Botswana than on the Salisbury regime. Indeed the likely result would be that South African Railways would have to be asked to help keep the line in operation, which would be politically almost equally undesirable.

South Africa still has overwhelming influence on the Botswana economy. More than 80 per cent of the country's imports come from there; a substantial, although decreasing, proportion of Botswana's beef is sold there, and South Africa is traditionally the major source of private foreign investment. Through Anglo American and De Beers, it provides the principal operator in the key mining sector. And the South African mines and other industries themselves employ some 50,000 Botswana, who otherwise would depend on the country's impoverished rural economy. Botswana remains a member of the South African customs union, and revenues from that source provide an important element in government income.

However, there has been gradual progress towards the aim of self-reliance—one of the four "national principles" laid down by the ruling Botswana Democratic Party (BDP). The most dramatic step was the floating of a Botswana currency—the pula—last August, and the country's consequent exit from the rand monetary area. In spite of both strenuous opposition from Pretoria and consequent South African scepticism, the Bank of Botswana has been able to formulate foreign exchange regulations which are actually more liberal than South Africa's own, and earlier this year actually to revalue the pula (the national slogan, meaning "let it rain") by five per cent.

Self-reliance
The phenomenal growth of the country's mining industry, following the discovery of diamonds at Orapa in 1967, and the decision to establish a copper-nickel mining and smelting operation at Selebi-Pikwe, has done more than anything to make economic independence a reality. But the other crucial factor has been Botswana's status as one of the most favoured aid recipients in the Third World. Long-term capital inflows well outweigh a continuing deficit on the current account, leaving a healthy balance of payments surplus. Donor funds over the five-year period of the current National Development Plan are expected to contribute P151m. to a total development budget of P275m. Of that only P45m. remains to be negotiated. In the early years, aid funds will form a much higher proportion of the total budget of P45m. in 1976-77, for example.

Growth
Botswana's rapid growth since 1966, averaging up to 15 per cent per annum, has flattened out since the completion of the building of the mining town and smelter for Selebi-Pikwe in 1975. It is also since that date that security along the Rhodesian border has deteriorated, until Botswana was finally forced this year to appeal for special United Nations assistance. The resulting UN report concluded that U.S.\$27.98m. would have to be diverted to meet unplanned security needs, including protection, transport and supervision for refugees—some 70 per cent of all the domestic resources which it was planned to use for normal development. Another \$25.6m. would be needed for unplanned emergency projects. The major security project was for the creation of a Botswana defence force from the existing paramilitary police mobile unit; a traumatic move for a pacifist country, where only one man had been killed by the police in ten years of independence.

Students
In Gaborone, the refugees are students from South Africa, fleeing the disturbances in Soweto and other townships. Inevitably such students are more radical and politically conscious than the Botswana schoolchildren. Non-Botswana were blamed for the unrest on the University of Botswana campus last year, and for the previously unheard-of occurrence of demonstrations in the streets of Gaborone (against Britain and the U.S. for not supporting Botswana's plea for help to the UN).

Botswana's participation with Angola, Mozambique, Tanzania and Zambia as one of the African front line states has attempted to find a solution to the Rhodesian conflict is also continuing to push Botswana seen as a possible source of further along its road to social radicalisation. However the harmony and economic self-reliance.

after spring



REPUBLIC OF BOTSWANA

The last wilderness...

Africa's last truly unspoiled wilderness is to be found in Botswana. Animals rare elsewhere are here abundant: sleek black sable antelope; magnificent spiral-horned kudu; two species of rhinoceros; and the nocturnal, solitary, skulking brown hyaena populate the savannas and grassy plains. Sitatunga and lechwe, hippopotamus and crocodile share the deep clear channels and green banks of the Okavango, where a mighty river slowly sinks into the sands of the Kalahari like a water spill soaking a colossal sponge. Whether you prefer the riverine forest of Chobe, the reeds and water lilies of Moremi, or the dunes, grasses and thorny trees that give the desert its austere beauty, you will find your solitude unbroken and your surroundings unspoiled in this, the world's last wilderness. Here in Botswana are the tracings left by early man, who expressed his artistic nature generations ago by sketching polychromes and silhouettes on the rocky canvas of the Tsodilo Hills. This artistic flair lives today, though it expresses itself in different forms. Some of the finest baskets in Africa are produced here, in traditional patterns centuries old. Leather goods are decorated with delicate ostrich eggshell beads, each fashioned by hand by Basarwa (Bushman) women. Pottery is produced in both traditional and modern styles. Textiles are printed with bold and vigorous patterns, and weaving of woolen tapestries and ruga is a new medium giving form to the Batawana's talent with colour and design. Whether you collect trophies, or handicrafts, or photographs — or memories — you will be assured of satisfaction in Botswana, where modern man has not discarded all that is old, nor embraced everything new, but managed to blend the two with taste and harmony, in the setting of the last wilderness.

BOTSWANA

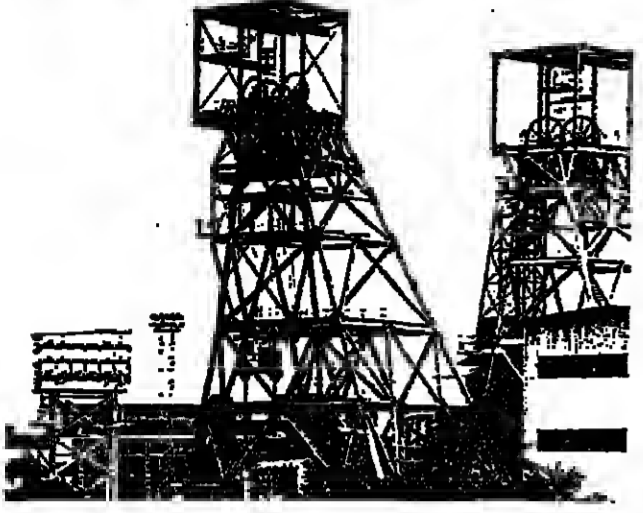


Tourist Information Bureau
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BOTSWANA II

Room to expand the economy

BARELY EIGHT months after launching its own currency, the pula, in August 1976, Botswana announced a revaluation. Although it was marginal—only 5 per cent—the move was both politically gratifying and economically necessary.

The original decision to abandon the South African Rand as the domestic means of exchange and quit the Rand monetary area was as ostentatious as any taken in Botswana's ten years of independence. It was effectively a declaration of formal economic independence from Pretoria. Thus revaluation in May—following speculation in South African newspapers that a devaluation might actually be in the offing—not only helped offset the serious inflation being imported from South Africa, but demonstrated the soundness of Botswana's development prospects, and cocked a snook at the ailing rand.

The launch of the pula has been a remarkable success story for a country with such a palpable shortage of skills and sophistication. Over two weeks some P10.4m. was handed out. By the end of the year around P12m. was in circulation. But the key was to prevent a major outflow of rand over the border during the changeover: by mid-December rather more than R10m. had been collected and officially repatriated, at the end of a 100-day free exchange period.

Quite apart from political considerations, the decision to launch the pula was based on a pragmatic desire by the Botswana Government for greater control over its own economy, with the tools that a central bank could provide—interest rate management, control over bank liquidity and lending and the choice of an external value for the currency. But like most developing countries, the potential for using such instruments is strictly limited.

Botswana has an extremely open economy. The combined value of exports and imports regularly amount to virtually the entire value of gross domestic product. Imports increased as a percentage of GDP from 51 per cent. in 1966 to 61 per cent. in 1973/74, while exports increased in the same period from 20 to 30 per cent. in GDP.

Inevitably the economy to which the country is most exposed remains the South African. Not only is it the source of such a high proportion of imports, it also has traditionally provided the great majority of foreign investment in Botswana, and the employer for the country's migrant labourers. Although it is not so significant in terms of exports, it still takes a substantial amount of Botswana's beef—26 per cent. in 1976, compared with 35 per cent. in 1975.

Rewards

In the previous ten years Botswana had reaped the rewards of remarkable good fortune and sound financial management. The real rate of growth since independence, allowing both for inflation and the improved statistical coverage over the period, is put at around 12 to 15 per cent per annum. But by 1974/75 that appeared to be flattening out. The initial boom was caused by the construction of the country's new capital, Gaborone, and the increase in government employment at independence. But instead of a relapse, this was followed by the discovery of diamonds at Orapa; the decision to develop the copper-nickel deposits at Selebi-Pkwe; the renegotiation of the Southern African Customs Union Agreement, bringing a substantial increase in revenue for the Botswana Government; and strong export demand for beef, the country's biggest industry.

Diamonds as well as beef now dominate the economy. But by 1974/5 the massive Shashe construction project, building the mining town and infrastructure for Selebi-Pkwe, was coming to an end, with no comparable economic activity to replace it. Nor was, or is, the copper-nickel scheme remotely threatening to make money. The country's latest five-year National Development Plan, for 1976-1981, just published, has cut back growth forecasts to an average 9.6 per cent per annum, modest in the light of past experience, but it may yet prove optimistic given the present combination of circumstances.

Significant improvements in the lives of all Botswana (the



people of Botswana) cannot be achieved without a sustained increase in Botswana's productive capacity." The Plan says. "The most dynamic elements in Botswana's development so far have been the minerals and livestock sectors; the economic forecast shows that their leading roles, and particularly that of the minerals sector, will continue."

However, the growth of both these sectors will be less dramatic than in the immediate past. Because of this and, more importantly, because their growth is of direct benefit to relatively few people, the present plan stresses the expansion of other sectors as well.

The expansion of the mining sector—dealt with in more detail elsewhere—has proved the least predictable and most significant development. The doubling in capacity of the Orapa Mine, to raise production from 2.35m. carats a year to 4.5m., is under way and should be completed by January, 1979. Botswana have not increased to while the nearby Lethakane Mine has been producing since last January. Diamonds are expected to contribute 73 per cent. of the mining sector's share of GDP in 1976-77 and to constitute 24.7 per cent. of exports rising to 33.7 per cent. by 1980. However, the Plan forecast also depends on the Selebi-Pkwe project beginning to pay.

At present the smelter is still running at a loss, although a recent overhaul has boosted production to more than 3,000 tons a month, at least beginning to approach the 3,500 tons a month target. But prospects for profitability still look slim as world prices remain depressed. The national cattle herd has expanded steadily since the disastrous drought which ushered in independence, as the capacity of the national abattoir at Lobatse: throughput of cattle there increased from 127,317 in 1970 to 209,443 in 1974, and capacity is now 1,200 a day.

But the point stressed throughout the Plan is the unequal distribution of benefits from both sectors, and a major change in emphasis is in favour of rural development and other productive sectors, in an effort to redress the balance. For all the doubling in capacity of the Orapa Mine, to raise production from 2.35m. carats a year to 4.5m., is under way and should be completed by January, 1979.

Clearly there is no hope of providing all Botswana with formal sector employment within the foreseeable future," the Plan says. It concludes that not only must such jobs be there but must be spread through the villages as well as towns, but that there must be increased opportunities for pro-

ductive self-employment. Informal sector employment. One measure will be to encourage the labour intensive investment projects, the measures such as tax incentives are being carried out.

Diversification of the economy into commerce and industry so far had very limited success. It consists both of attracting foreign investment and attempting to build up entrepreneurial talents.

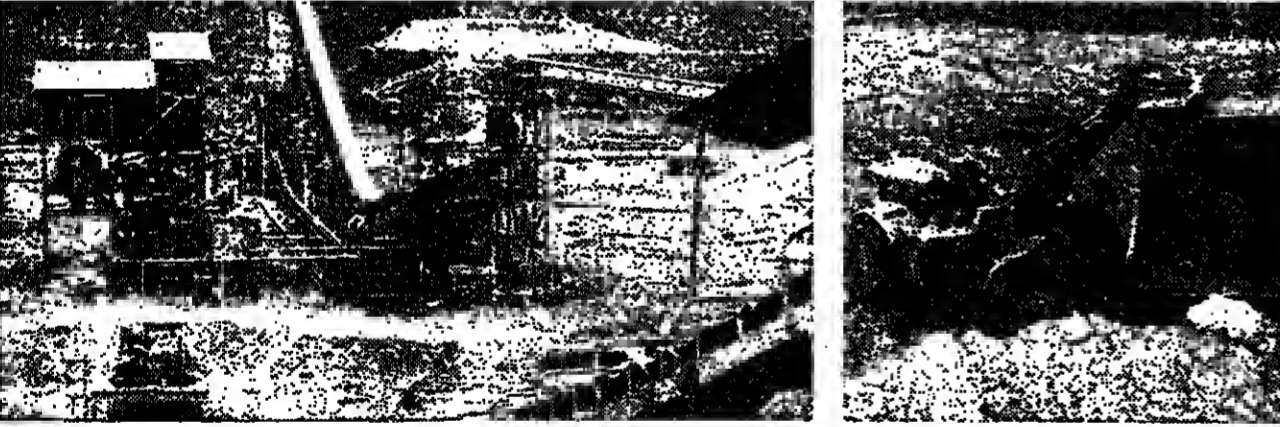
So far the only industrial foreign private investment has been in the F. Bran Brewery in Gaborone selling lager beer and drinks under an arrangement with Coca Cola. The opera has yet to prove itself. Cultures in maintaining even to areas relatively close to the capital, have been avoided by apparent shortage of bottles, which can take several months to return from the areas. The problem was compounded by difficulties in closing the bottles, which result in the brew often being undrinkable when it was obtainable. Although most of the problems now seem to have been sorted out, many Botswana have gone back to drink South African beer, in spite of steep tariff protection.

The relative lack of foreign investment is surprising. Botswana offers more inducements than most developing countries including access to the Southern African market through customs union, a stable, committedly free enterprise government, and generous patriation allowances. It can be promoted as a stable base for politically less stable neighbours—Rhodesia, Namibia and South Africa itself. It is one of the most popular African states and donor governments, one of the highest per capita incomes in the continent.

However, in pure economic terms it must compete with neighbouring Bophuthatswana the South African homelands which can offer Pretoria back incentives, almost equally cheap labour, and cheaper power. Botswana's drawbacks are shortage of skilled labour at the expense of both water and electricity.

In the meantime Botswana must concentrate on expanding and developing its own industrial resources. The most impressive operation is Botswana Enterprises Development Unit—BEDU—which seeks to train Botswana as managers in different small-scale industries, such as clothing, construction, leather, industrial metal-work and furniture. The estates with small unit workshops are already operating Gaborone, Francistown and Tlokweng. But none of the businesses are yet really ready to tackle large-scale orders without foreign buyers might require in spite of increasing inquiries.

DEBSWANA DIAMONDS



DEBSWANA DIAMONDS DEVELOP

Lethakane is Botswana's newest diamond mine and came on stream early this year. Its output, together with the expansion programme now underway at nearby Orapa diamond mine, will boost Botswana's diamond production to almost five million carats a year by 1980. Lethakane and Orapa mines are developments vital to the national economy and will bring many benefits to the people of Botswana.



DE BEERS BOTSWANA MINING COMPANY (PROPRIETARY) LIMITED

Handwritten signature or stamp in a box.

Regional politics threaten tourism

TOURISM IN Botswana is an exclusive preserve for the least for the next five years, intrepid and the wealthy, or preferably a mixture of both. It is a haven for masochist millionaires, who either thrive on discomfort or are prepared to pay for imported comforts in the most unlikely places.

The country abounds in Africa's principal tourist resource, wildlife. Its attractions are bunting, photographic safaris, bird-watching and fishing. It also offers some spectacular scenery, culture and historic remains, including the paintings of the Bushmen in the remote Tsodilo Hills, and remains of stone-built forts and towns, as well as abandoned gold mines around Francistown.

What the country lacks is any developed infrastructure to make access easy to its magnificent, and virtually untouched, game parks and reserves. Nor are there more than a handful of hotels equipped to cater for the 20th Century tourist. Omnipresent warnings abound in the available literature: "Authorities should be informed by travellers before leaving on a trip to the interior, as there is no petrol, food or water available in the reserves." Tourism comes well down the list of government development priorities, and is consequently left almost entirely in the hands of private enterprise. The problems are spelt out in the latest National Development Plan: communications are generally poor, and the financial implications of improving

them remain unacceptable—at least for the next five years.

But the most extraordinary attraction of the country is the vast swampy area of the Okavango Delta, an inland delta formed where the Okavango River, flowing from the Angolan highlands, spills out into the Kalahari sands. The delta is perennially flooded, and supports a huge variety of wildlife, 30 species of large mammals such as elephant, hippo, buffalo, lion, leopard and cheetah, and more than 200 species of birds. In the winter months it can be visited by boat, and in the summer with a four-wheel drive vehicle, (an essential requirement for touring in the country). But the delta also presents Botswana with one of its most difficult problems. It is both the country's single major source of water, and simultaneously an extremely delicately balanced environment, depending on a haphazard pattern of irregular flooding, periodically blocked channels, cleared by fires and hippos. Already the delta has been tapped for the benefit of the diamond mine at Orapa, which consumes some 9m. litres of water a day. Inevitably both agriculturalists and industrialists are looking to it for more supplies of water, which naturalists fear could irreparably damage the delicate ecology. A compromise has yet to be found.

But Botswana also offers more mundane attractions. Until the pula was launched as the local

currency in August, 1976, large numbers of South African tourists flocked to the casino Gaborone's Holiday Inn, gambling is banned on the side of the border. However since they now have to spend pula, the flow has lessened noticeably.

Hunting licences are in great demand, with Americans and West Germans the principal takers, often booking two-thirds of the licences up to 18 months in advance.

In spite of all the problems there were almost 65,000 day visitors in 1976, and about 10,000 day trippers. Of arrivals, some 5,700 came from Britain and Ireland, more than 4,300 from America, and more than 5,000 from the rest of Europe. But South Africa by far the biggest source of visitors (including business and expatriates) with almost 115,000.

Botswana's development tourist industry has obviously been severely hindered by political problems of the region. Tourists from Europe and U.S. are unlikely to feel 100 miles or more is far enough from the front line in Rhodesia. But the government's apparent intention not to press ahead with large-scale development itself bodes well for the future when the country's game parks may still be unspoiled and nature the rest of Africa is made do with asphalt roads animals tame to man.

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BOTSWANA III

Mining leads the way

THE TEN years since their discovery in the country, diamonds have undoubtedly become Botswana's best friend. In 1966, the mining sector did not exist; it made no measurable contribution to the nation's GDP. On Independence Day, the only identifiable capital asset was its herd of cattle, valued at 100 million Pula. Yet only months later it was to prove the second best diamond-bearing "pipe" in the world had been discovered at Orapa. Since then, the industry has become the driving sector of the economy. It is the fastest growing source in particular of foreign exchange and government revenue.

Diamonds are by no means Botswana's only mineral resource. Its biggest mining project is the copper-nickel scheme at Selebi-Pikwe. There is a coal field at Morija, and now a half-ton mine at Moshaneng. The government is still actively seeking a company prepared to exploit the huge soda ash deposits at Sua Pan. Exploration is going on for everything from the minerals to uranium. But diamonds are the success story.

Orapa, which took its name from the remote cattle post on the edge of the Kalahari near the pipe, started producing in 1970, building up to a current yield of 2.5m. carats a year; it is to reach 4.5m. carats by the end of 1978. In January of 1978, a second mine at nearby Letlhakane started production, which will initially reach 300,000 carats a year, rising to 600,000 by 1980.

A higher proportion, about 85 per cent., of the Orapa diamonds are industrial stones, whereas at Letlhakane the gem content is some 40 per cent. At current prices revenue in 1976-77 from the two operations is put at P36.3m., rising to P73.3m. by 1980-81: virtually all the sales will produce foreign exchange.

But the diamond story does not end there: a major new find has been identified which is "large in size and contains diamonds in payable quantities" at Jwaneng in the south. The first indications of the discovery given in the annual report of De Beers, who found it, are unusually positive, for a conservative mining company. Although both company executives and Botswana government officials are unwilling to give anything away, reliable sources indicate that it is expected to be quite as rich, if not an even better find than Orapa.

Find

"I think it is a very promising find," says the Secretary for Mineral Resources, Mr. Julian Ngununu. In fact, the sources say that the kimberlite pipe, which has been identified, covers an area of 50 hectares, and preliminary indications are for a grade of 1.33 carats per tonne, compared with 0.88 at Orapa. However, small diamonds make up about 30 per cent. of the total, and if they are excluded, the grade falls to 0.93 carats a tonne.

The technical problems of the

valeping Jwaneng are substantial: the pipe is covered by Kalahari sand to a depth of between 30' and 85' metres, shallowest at the centre and deepening towards the edges, entailing a major civil engineering operation to remove it. Perhaps more importantly there is no immediately available water on site. A source has yet to be identified, but it would probably have to be underground.

While the figures have to be treated with extreme caution, because of the relatively short prospecting time, a confidential estimate giving a very rough idea of the financial scale of the project suggests that an investment of P100m. might be required to produce 3m. carats a year, worth P66m. The estimate working cost of P5 per carat would total P15m., leaving profits of P51m. to be split between the government and De Beers.

The most delicate aspect now is to negotiate a deal between the government and the mining company on how the mine will be exploited. It is already a touchy subject between them in the wake of the somewhat acrimonious negotiations which took place over Orapa.

Since the discovery of Orapa, the Botswana Government has announced a detailed policy on mining exploitation, intended to give a maximum local return without discouraging continued exploration and rapid development. It includes objectives such as training the Botswana people eventually to take over from the inevitable expatriate technicians who start operations, and building up processing

capacity to maximise the value added in the country.

The point to which mining executives particularly object is the insistence that a prospecting licence does not give any company automatic rights to exploitation: a new contract has to be negotiated once a discovery has been made. "You should have a very liberal policy to encourage people to come and invest," says one executive.

The Orapa negotiations clearly worried some of the mining officials. Indeed some Botswana officials believe that De Beers and Anglo American orchestrated an anti-Botswana propaganda campaign as a result. "The intention was to frighten us so that we didn't repeat it." What actually happened was that the Botswana government used De Beers' request to develop the Letlhakane Mine as an opportunity to renegotiate the Orapa contract, which had proved far more profitable than originally envisaged.

The renegotiated deal boosted the Government share in Debswana Diamonds, the company formed jointly to exploit Orapa, from 15 to 50 per cent., while its revenue from royalties and taxes was raised to 77.5 per cent. But Mr. Ngununu insists that diamonds are a clear exception to the normal mining rule. According to the National Development plan, Government equity participation would normally be in the range of 15 to 25 per cent. Royalty rates also are published, ranging from a base of 3 per cent. to 10 per cent. for diamonds. Taxation would be at regular commercial rates.

The opposite sort of negotiations have been going on over the future of the copper-nickel operation at Selebi-Pikwe. The project has been dogged by disasters ever since it began: a combination of soaring inflation, technical teething troubles, labour problems and a slump in the world metals market. A doubling in the initial capital cost (from P110m. to P200m.) and huge annual operating losses have led to a crippling debt burden for Bamangwato Concessions, the mining operation in which Anglo American and Ammax each has a major interest. For months past negotiations have been going on to restructure the company to make its debt more manageable.

Agreement

The original agreement runs to several volumes, and the latest negotiations have been inevitably complex. However, it is understood that preliminary agreement has been reached between Anglo Ammax and the government, which now requires the go-ahead from the principal creditors. It seems likely that the deal will involve an equity issue to replace the vast amount of subordinated shareholders debt which was pumped in by the mining companies. The government is also seeking some guarantee of improved income, since it has naturally never received any royalties on profits in return for its investment in infrastructure (above an agreed P750,000 minimum) and existing sales contracts with Germany's Metallgesellschaft are likely to be renegotiated, possibly to enable the matter to be sold in Africa, rather than being shipped to America, refined, and then shipped again to Europe.

No one is yet very hopeful that Selebi-Pikwe will start making profits in the near future. However, production of matte is creeping up to its intended level after an overhaul of the smelter earlier this year: it is running at 3,200 tons a month, compared with the 3,500 tons' target. "Labour turnover" was running at a crippling 40 per cent. per annum, but is

showing signs of slowing down, although the training programme is still a very substantial effort. With hindsight, the experts now believe that the biggest mistake was in not aiming for maximum production from the start, but in building up gradually.

"We don't have much control over the prices of the metals," says Dr. Charles Johnson, Government mining adviser. "We have been eliminating major uncertainties in the operation. You have got to keep it running at a high level." The huge losses at Selebi-Pikwe, and murmurs in the industry about the Orapa deal have undoubtedly affected confidence in Botswana's mining future. But the prospects are there, as the exploration map shows, although no one is actually prepared to start up production right now. A team is travelling to Japan and Australia in the hope of interesting someone in the Sua Pan soda ash. Shell Coal has been granted a prospecting licence for the most promising coal deposits in the country's estimated 40bn. tonnes.

The coal is low to medium-grade and, given the lack of transport capacity, it is more likely to prove economic for local consumption and when that requires it, than for export.

The latest and most urgent interest is in uranium. Given Rio Tinto-Zinc's Rossing operation in neighbouring Namibia, Urangesellschaft, and Falconbridge are looking for radioactive minerals. Jaguar, Union Carbide and Samcor for manganese, and Cape Asbestos for asbestos. It is understood that Metallgesellschaft are likely to be renegotiated, possibly to enable the matter to be sold in Africa, rather than being shipped to America, refined, and then shipped again to Europe.

An aerial magnetic survey of the Kalahari is also being carried out, in an attempt to penetrate the thick cover of sand. All told some 80 per cent. of the country remains to be explored in detail. But for all the optimism about mineral deposits, a solution to the political problems of the region, and the prospect of continuing stability, would probably be the biggest single stimulation to the country's mining industry.

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Dependence on cattle farming

THE OUTNUMBERED humans rely on imports of beef, along with the other beef producers covered by the Lomé Convention. If it lost the abatement, its advisers calculate, the prices paid to producers for their cattle delivered to the abattoir would be reduced by 40 to 50 per cent., with a consequent reduction in cash incomes of the vast majority of the country's rural population.

Botswana's case has been eloquently argued in Brussels. The abatement has been extended for the whole of 1977. Its effect can be seen in the 1976 returns, when the U.K. took 62 per cent. of the BMC output, the island of Reunion (classified in EEC terms as part of France) 8 per cent., and South Africa's share was cut back to 26 per cent. But the deal has to be renegotiated in the autumn, with consequent insecurity for Botswana's cattle-men, who would like a three-year deal.

The other immediate challenge facing the industry is meeting European veterinary standards. In 1975 a British veterinary team put a restriction on BMC output until it was upgraded to meet their standards. That was lifted by February, 1976. Now it is hoped that a full EEC team will visit the plant later this year, and give the go-ahead for sales to all the EEC members, including the lucrative German market.

The threat is that the deteriorating situation in Rhodesia will lead to an outbreak of foot and mouth disease over the border. Consequently a veterinary fence is one of the top priorities for special security-related projects in the border area.

There is little point in the government's salesmen seeking to expand the available export market if producers cannot satisfy it. The agricultural exporters in Gaborone are clearly convinced that traditional Botswana farming methods will never result in a stable and commercially-oriented industry. Consequently the government has embarked on its most revolutionary policy to date: the so-called tribal grazing land programme, which seeks to overhaul the whole land tenure system in Botswana.

Essentially the programme seeks to divide up what has traditionally been communal land shared by all members of the tribe into commercial land, where large cattle-owners can buy leases of communal land shares between small owners (hopefully banding together) and arable farmers, and reserved land for conservation and wildlife. Fencing was banned on traditional tribal land, with the resulting overstocking and overgrazing of the land around water sources. At the same time an effective land grab was going on, with rich cattle-owners constructing their own boreholes, which gave them de facto possession of the surrounding land.

Sensitive

Any policy affecting cattle is extremely sensitive politically, and the government has proceeded with great caution. A major "consultation programme" was launched almost two years ago to sell its idea, and it is still struggling to produce any tangible results. The major and most widespread criticism is that it benefits the big cattle-owners at the expense of the majority of the rural population. Recent studies have highlighted the extremely unequal distribution of cattle ownership in the country. Some 45 per cent. of the rural population apparently own none at all, while the richest 3 per cent. own 50 per cent. of the national herd.

The effects of Botswana's inevitable droughts, which strike about every five years, only aggravate the inequality, by wiping out most small herds, while merely thinning out the large ones. The large owners are often those who have already drilled their own boreholes, and the tribal grazing lands programme will merely legalise their land grab, the ordinary villagers say.

The grazing lands programme is supposed to put great emphasis on encouraging small cattle owners to form group herds. But in spite of a certain co-operative tradition, the planners have yet to propose a really viable form of co-operation whereby the small owners could qualify for the same sort

of credit facilities as their richer neighbours, and which can be reconciled with the time-honoured tradition of measuring a man's wealth and social status by his cattle ownership.

Expanding other forms of agriculture is supposed to be getting much higher priority, to counterbalance the predominance of cattle. "The fundamental objective is to reduce grain and horticultural imports with the long term goal of self-sufficiency," the plan says. So far progress has been very small.

The low and highly variable rainfall is clearly the major problem. Fewer than 40 per cent. of farmers have their own oxen with which to plough, and consequently often must plough late with borrowed animals; the supply of inputs is unreliable; so is transport; and markets are unstable. Traditional habits also die hard in what is almost exclusively a subsistence farming sector; 1974 and 1975 were both good years for sorghum and maize, the principal crops, but in the latter year production fell dramatically. The presumption is that the farmers had managed to stockpile large quantities, from the 1974 crop, and consequently simply failed to plant more than their modest requirements in 1975.

Major research programmes are under way to identify the appropriate agricultural techniques and technology for Botswana's rather hostile conditions. The researchers believe they have already identified bad ploughing techniques (which turn the soil over, thus losing what little moisture there is instead of simply cutting a furrow).

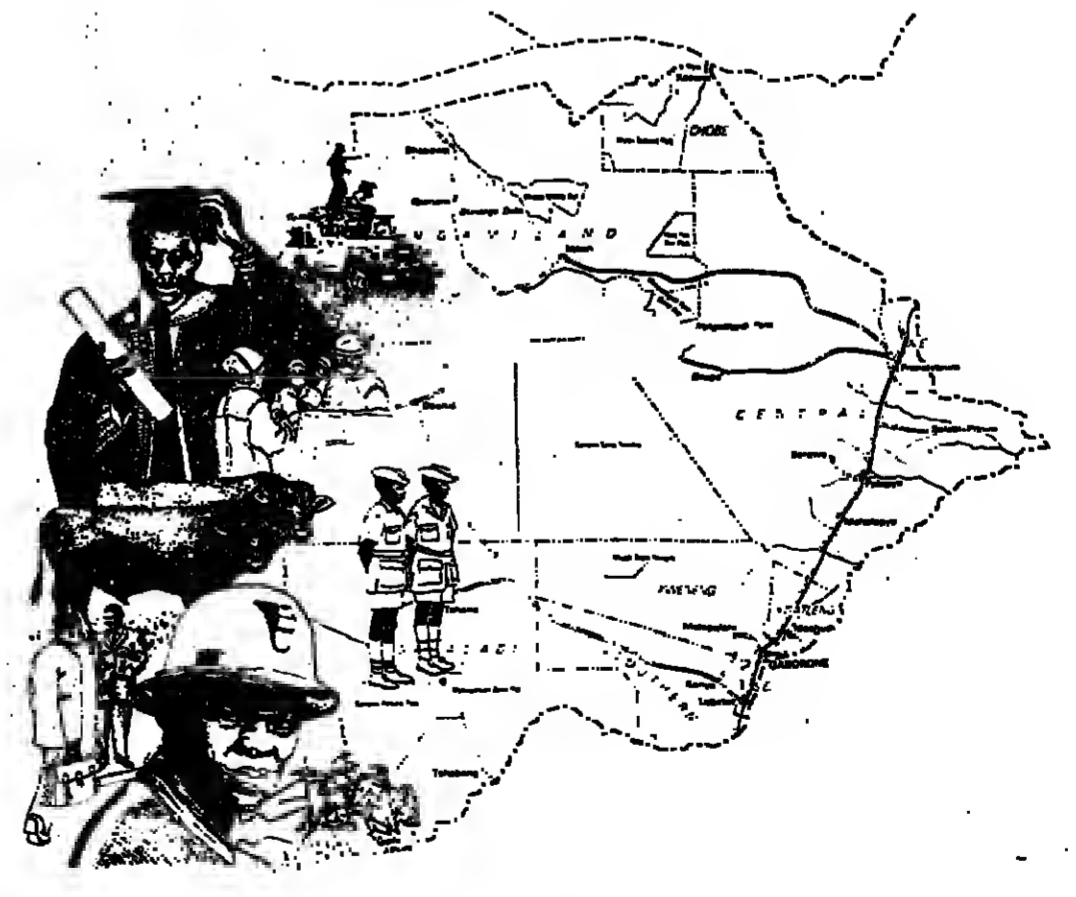
The Botswana Agricultural Marketing Board has been set up to provide a guaranteed market at an annually fixed price, to encourage farmers to think of food crops as an additional source of cash income. Special centres are being established to supply inputs such as improved seeds, fertilisers, implement and insecticides on a more reliable basis. One problem is that traditional ox-ploughs are actually no longer made in South Africa, and an alternative source of supply has to be sought. The Agricultural Marketing Board will also provide storage facilities which have been lacking in the past.

Other ideas to broaden the base of the country's rural sector are to develop poultry farming, which is already proving successful, with 78,000 day-old chicks imported in 1975; horticulture, with a continuing experiment in so-called "net-houses," which use plastic netting to provide some shade and thus reduce water consumption; fisheries, in the Okavango Delta and in the northern Chohe District; and pigs, to satisfy limited local demand.

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REPORTS

The laudable performance of the beef industry at a time when it is depressed throughout the world, disguises the fragility of its base. Lobatse was built cater for the high-priced fish and, to some extent, for African markets, provided nonetheless boxed beef. In 1975, 51 per cent. of its output went to the U.K. and 38 per cent. to South Africa. Now it depends on the goodwill of the European Community to keep the fish sales. Since July 1, 1975, Botswana has been granted a 90 per cent. abatement of the EEC

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STOCK EXCHANGE REPORT

U.S. demand for BP imparts late firmness in equities Index down 0.9 at 458.6 after 456.6—Improved business

Account Dealing Dates
First Declara- Last Account
Dealings from Dealings Day
Jun. 15 Jun. 23 Jun. 24 July 5

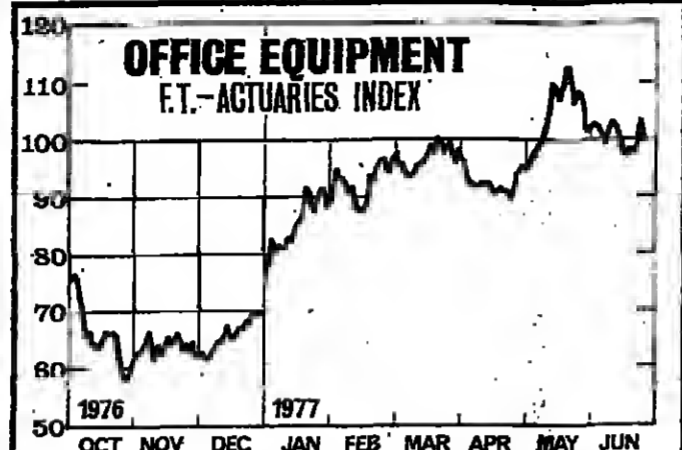
With these being extended in the after-hours business. The top Treasury 11 1/2 cent, 1991, made no recovery after Monday's contrasting fall which reflected an attempt to establish a trading level since the stock's yield basis compares unfavourably with similar issues in the area.

from Raybeck, John Stephen gave up 3 to 28p. Secondary Engineering continued firm yesterday, particularly Young Astead and Young which continued to attract speculative buying in a thin market and closed 7 higher at 76p after 70p, making a two-day advance of 18. Spear and Jackson returned to parity with an improvement of 10 to 12 1/2p, while gains of around 5 were recorded in APV, at 42p, Butterfield Harvey, at 42p, and Jones Group, at 63p. Fairley gained 4 to 7 1/2p and Porter Chadburn hardened 3 to 18p.

prospectively hdder may soon announce terms in the region of 250p per share. C. H. Industrials in Newport News performed well with Thomson's up at 61 1/2p and Daily Mail A 5 dearer at 28 1/2p. Elsewhere, News International added 4 1/2 to 17 1/2p in anticipation of today's half-year results. Awa-004 further news of the bid discussions with Trafalgar House, dealings became much quieter in Beaverbrook issues: the Ordinary closed 10 lower at 300p, while the A held firm at the overnight level of 67p.

Eastern Investment, 11 1/2p, both closed 3 better. G. T. Japay, heavy, even, finished 2 cheaper at 13 1/2p following news of the rights issue proposal. Milford Docks continued to figure prominently in Shipping, improving 9 further to 50p in response to the chairman's encouraging remarks on the company's prospects at the annual meeting. Barroona Tea featured prominently with a rise of 6 to 43p on the return to profitability. Peaback hardened 2 to 62p following news of the rights issue proposal, but Warren eased 3 to 16 1/2p.

Quiet Mines
Interest in Mining shares remained at a very low level, the only notable activity being a worthwhile gain in Anglo. Although the metal price in Penang and here was only a steady, Eastern buying was evident to enable Troxell to bid 6 higher at 187 1/2p of 187 1/2p and Malaysian Tin a similar amount better at a year's high of 27 1/2p. Kullingham rose to 42 1/2p after a hit on 3 to 34 1/2p. Business in South African Gold was minimal. Despite a 25 cent fall in the hulton price to \$142 per ounce, small buying interest for East Randfontein's bid, 51 1/2p and Doornfontein's bid, 41 1/2p and 26 1/2p respectively. The Gold Mines Index put on 6 to 11 1/2p. The continued downward trend in quiet trading with Anglo-American 2 off at 23 1/2p. Monday's flurry of buying interest in Anglo-American's Financials peaked out with Rio Tinto-Zinc 3 up on 20 1/2p and Charter 2 cheaper at 11 1/2p.



Edgar Allen Balfoor edged forward a penny to 62p in front of today's preliminary results. The sector's leaders turned slightly easier apart from Tubes which hardened 2 to 42 1/2p. Cavemban continued firmly in Foods, rising 3 to 11 1/2p for a two-day gain of 8. Matthews Holdings hardened 2 1/2 to 54p on further consideration of the results, while similar rises were seen in Associated Dairies, 20c, and G. F. Lovell, 20p. A. Fisher firmed 1 1/2 to 10 1/2p, while small buying for Perk Farms 4 better at 23 1/2p and British Sugar 10 to the good at 430p. Awaiting fresh developments in the bid situation, Fox's Essents gained 2 more to 13 1/2p, while the bid situation for 10 to 80p in Northern Foods, J. Lyons however, eased 3 to 89p in front of today's preliminary figures, while Geo. Bassett was a penny cheaper at 66p despite substantial improvement in earnings. Other dull spots included Lockwoods, 5 off at 50p, and Higginson and Job, 7 easier at 49p. Supermarkets were noticeably soft, with renewed firmness in S. W. King, which improved 6 to 15 1/2p for a two-day gain of 10. Trust Houses Forte stood out in Hotels and Caterers with a rise of 6 to 14 1/2p following Press comment. Queen's Mops were notably better at 16 1/2p, up 3p, on small buying in a thin market. Redfern National Glass jumped 1 1/2 to 20 1/2p on speculative buying fuelled by rumours that the

National Carbolex rose 6 to 66p, while North Sea oil optimism prompted a gain of 17, 32 1/2p old sawwoods. Ebar Industrial added 15 to 18 1/2p and Boony and Hawkes improved 5 to 13 1/2p. Gittspur hardened a shade to 34 1/2p on the cash and, reflecting the retiring chairman's statement. Charrington's hardened 1 1/2 to 46 1/2p. Gomme, however, fell 5 1/2p before closing, 14 down on the day 0 1/2p on termination of the bid discussions. Of the miscellaneous industrial leaders, Reckitt and Colman added 12 more to 47 1/2p on continuing considerations of the good interim results of its Australian subsidiary. Pilkington Bros. improved 6 more to 40 1/2p, but Turner and Newall, on the other hand, gave up 4 to 17 1/2p on fears that the TUC proposal to reduce the recommended asbestos dust safety level by 10 times will be accepted, and so endanger the group's entire U.K. operation, creating possibly 10,000 redundancies. Rank Organisation shed 7 to 18 1/2p. Lucas Industries came to the fore in other goods, with the Motors and Distributors and lost 7 to 28 1/2p on concern over the company's current labour problems. Clayton Desande, at 10 1/2p, gave up 2 of the recent speculative rise, while the comment on the bid situation for 10 to 80p in Northern Foods, J. Lyons however, eased 3 to 89p in front of today's preliminary figures, while Geo. Bassett was a penny cheaper at 66p despite substantial improvement in earnings. Other dull spots included Lockwoods, 5 off at 50p, and Higginson and Job, 7 easier at 49p. Supermarkets were noticeably soft, with renewed firmness in S. W. King, which improved 6 to 15 1/2p for a two-day gain of 10. Trust Houses Forte stood out in Hotels and Caterers with a rise of 6 to 14 1/2p following Press comment. Queen's Mops were notably better at 16 1/2p, up 3p, on small buying in a thin market. Redfern National Glass jumped 1 1/2 to 20 1/2p on speculative buying fuelled by rumours that the

FINANCIAL TIMES STOCK INDICES

Table with columns for Date, Government Secs., Financial Interests, Industrial Ordinary, Gold Mines, and Equity Income. It shows index values for various dates from June 23 to June 27, 1977.

HIGHS AND LOWS

Table with columns for Stock, High, Low, and S.E. ACT. It lists various stocks and their price ranges.

ACTIVE STOCKS

Table with columns for Stock, Denomination, Closing, Change, and 1977 High. It lists active stocks and their performance.

NEW HIGHS AND LOWS FOR 1977

Table with columns for Stock, High, Low, and S.E. ACT. It lists new highs and lows for 1977.

RISES AND FALLS YESTERDAY

Table with columns for Stock, Rise, and Fall. It lists stocks that rose or fell yesterday.

COMPANY NOTICES

HOPE STREET FUND S.A.
MURRAY FUND S.A.
NOTICE OF ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF HOPE STREET FUND S.A.
NOTICE OF ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF MURRAY FUND S.A.

RECENT ISSUES

Table with columns for Issue, Price, and Date. It lists recent issues and their prices.

FIXED INTEREST STOCKS

Table with columns for Stock, Price, and Yield. It lists fixed interest stocks and their yields.

"RIGHTS" OFFERS

Table with columns for Stock, Price, and Yield. It lists rights offers and their details.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table with columns for EQUITY GROUPS, TUES, JUN 28, 1977, and various indices. It provides detailed data on equity groups and their performance.

CLASSIFIED ADVERTISEMENT RATES

Table with columns for Ad Type, Line, and Rate. It lists advertisement rates for various types of ads.

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Text describing investment opportunities and services offered by Dunn & Hargitt.

OPTIONS TRADED

Text describing options trading and services offered by Lloyds and Scottish.

FIXED INTEREST PRICE INDICES

Table with columns for Index, Price, and Yield. It lists fixed interest price indices and their values.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as British Shipley & Co. Ltd., Guardian Royal Ex. Unit Mgrs. Ltd., and others, with columns for name, manager, and performance data.

BASE LENDING RATES table listing interest rates for various banks and financial institutions, including B.N. Bank, Hill Samuel, and others.

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OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds such as Arthurton Securities (I.) Limited, Australian Selection Fund, and others, with columns for name, manager, and performance data.

INSURANCE, PROPERTY, BONDS

Large table listing insurance, property, and bond products from various companies like Abbey Life Assurance Co. Ltd., Equitable Life Assurance Co. Ltd., and others, with columns for product name, details, and rates.

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Table of British Funds with columns for High, Low, Stock, Div, and Yield. Includes sub-sections for 'Shorts' (lives up to five years) and 'Over Fifteen Years'.

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Table of International Banks and Hire Purchase with columns for High, Low, Stock, Div, and Yield.

COMMONWEALTH & FOREIGN BONDS

Table of Commonwealth & Foreign Bonds with columns for High, Low, Stock, Div, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for High, Low, Stock, Div, and Yield.

LOANS (MISCELL)

Table of Loans (Miscellaneous) with columns for High, Low, Stock, Div, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for High, Low, Stock, Div, and Yield.

AMERICANS

Table of American stocks with columns for High, Low, Stock, Div, and Yield.

CANADIANS

Table of Canadian stocks with columns for High, Low, Stock, Div, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for High, Low, Stock, Div, and Yield.

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AMERICANS

Table of American stocks with columns for High, Low, Stock, Div, and Yield.

BUILDING INDUSTRY—Continued

Table of Building Industry stocks with columns for High, Low, Stock, Div, and Yield.

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Table of Banks and Hire Purchase with columns for High, Low, Stock, Div, and Yield.

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Table of Commonwealth & Foreign Bonds with columns for High, Low, Stock, Div, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for High, Low, Stock, Div, and Yield.

LOANS (MISCELL)

Table of Loans (Miscellaneous) with columns for High, Low, Stock, Div, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for High, Low, Stock, Div, and Yield.

AMERICANS

Table of American stocks with columns for High, Low, Stock, Div, and Yield.

DRAPERY AND STORES—Continued

Table of Drapery and Stores stocks with columns for High, Low, Stock, Div, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for High, Low, Stock, Div, and Yield.

COMMONWEALTH & FOREIGN BONDS

Table of Commonwealth & Foreign Bonds with columns for High, Low, Stock, Div, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for High, Low, Stock, Div, and Yield.

LOANS (MISCELL)

Table of Loans (Miscellaneous) with columns for High, Low, Stock, Div, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for High, Low, Stock, Div, and Yield.

AMERICANS

Table of American stocks with columns for High, Low, Stock, Div, and Yield.

ENGINEERING—Continued

Table of Engineering stocks with columns for High, Low, Stock, Div, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for High, Low, Stock, Div, and Yield.

COMMONWEALTH & FOREIGN BONDS

Table of Commonwealth & Foreign Bonds with columns for High, Low, Stock, Div, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for High, Low, Stock, Div, and Yield.

LOANS (MISCELL)

Table of Loans (Miscellaneous) with columns for High, Low, Stock, Div, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for High, Low, Stock, Div, and Yield.

AMERICANS

Table of American stocks with columns for High, Low, Stock, Div, and Yield.

INDUSTRIALS (Miscellaneous)

Large table of miscellaneous industrial stocks with columns for High, Low, Stock, Div, and Yield.

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FINANCIAL TIMES

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Shell and Esso told to shut down Brent Field output

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT has told Shell and Esso to shut down production from their important North Sea Brent Field until they can avoid wasting gas which is produced with the oil.

The "B" platform on the field — the only one at present on stream — could be out of action for 11 months resulting in a delay in oil revenue to Shell and Esso of perhaps £80m.

However, the Department of Energy believes that the amount of natural gas saved in this time could be worth more than £50m.

The directive is a sign that the Government plans to take a tougher stance over the amount of natural gas flared and wasted in the North Sea.

It is estimated that the equivalent of 8 per cent of British Gas Corporation's annual sales — worth £160m, on the basis of a £2bn turnover — is now being flared into the atmosphere.

The Government wants this gas either transported ashore by pipeline or reinjected into the fields for future exploitation.

The instruction is also made possible by a new growing strength as an oil producer.

Latest figures show that North Sea oil production is now meeting half the country's domestic requirements.

Output in May averaged 836,417 barrels a day, equivalent to an annual production of 41.4m tonnes. This was a 18.5 per cent rise on the April figure.

Brent is the biggest oil field in the North Sea and one of the latest to come on stream. Closure of the "B" platform will slow the growth of offshore production, but the Energy Department feels it is worth while in view of the longer-term savings.

Some 1.5m tons of oil production will be delayed because of the shut-down, but for the equivalent of 1m tons of oil will also be saved.

Shell, as operator for the Brent development, was not unduly perturbed by the enforced closure. It pointed out that the platform was scheduled to be shut for the installation of gas injection equipment anyway.

Operations on the platform were suspended on June 14. These were due to be restarted once Shell had completed further construction work for the platform. It was intended that the platform would then operate, with gas flaring continuing, until early next year when the production would be suspended for a further six months.

Shell had intended using this period to shut-down to install the gas injection equipment. Now it will do all the work to gether.

It is a case of swings and roundabouts, a Shell spokesman said. The total work will take longer because of the problems of working in bad winter weather.

The Brent Field will not be totally out of action this coming winter, however. The "D" platform should be ready to start production in October at an expected initial rate of 30,000 barrels a day.

As gas reinjection facilities will be installed from the outset, the production of oil from this platform should not be affected by the Government's new tough policy.

Energy Department officials are watching carefully the way that other North Sea operators deal with the gas equipment problem.

Occidental is at present flaring large quantities of gas from its Piper Field. It may be that it will have to install new gas handling equipment, particularly as the operator is likely to seek Government permission to increase the maximum rate of oil production from the field.

Eventually, most North Sea operators will be encouraged to pump the associated gas into a network of pipelines which is expected to be built. A £2bn gas gathering pipeline scheme is now being evaluated by energy experts.

It is thought that the gathering system will be based on the two main gas trunk lines in the North Sea sector of the North Sea: one being built by Shell to tap the Brent Field and nearby reservoirs; the other, already built to carry gas from the Frigg Field.

The gas and natural gas liquids are being collected for British Gas Corporation's network as well as for chemical feedstock.

Shell and Esso, for instance, are planning to build a new petrochemical complex in Scotland to handle the Brent natural gas liquids.

Shell modifies five plant Page 8

Equity Capital to take stake in UBM

By Michael Lafferty, City Staff

EQUITY Capital for Industry, the City's vehicle for helping companies which cannot raise funds on the capital market, is to invest £2.5m in the UBM's merchant bankers group by taking an 11 per cent stake in the company's equity.

Mr. Michael Phillips, the UBM chairman, said yesterday that the company had been introduced to the "Equity Bank" by its merchant bankers, Samuel Montagu. "We are offered the money on terms which we simply could not refuse," he declared. "There were no strings attached."

UBM is the third company in which ECI will take a stake. It was first introduced in 1976 by City investing institutions following criticism of the capital market's ability to raise funds for companies, is to invest money and take a financial stake. The others were Bond Worth Holdings, the target group, and Renwick Group, the motor distributors, travel agents and fuel distributors.

Equity Capital for Industry will acquire its stake in UBM as a result of a placing of 5m shares at a price of 54p, a discount of about six per cent on yesterday's opening price of the UBM shares. UBM shares closed 54p down last night at 53p.

UBM reported pre-tax profits for the year to February 1977 of £1.7m, compared with £2.3m in 1976. Earnings before interest and tax for the year, and £7.2m in 1974. The company reports that profits are increasing again.

The company says that the ECI funds are needed to provide additional working capital to give the company "greater flexibility to take advantage of increased trading opportunities."

The issue of the shares to ECI is subject to the approval of the UBM shareholders at an extraordinary general meeting to be held after the annual meeting on July 29.

Further details of the placing will be given in a circular which is being sent to shareholders with the 1977 annual report.

THE LEX COLUMN

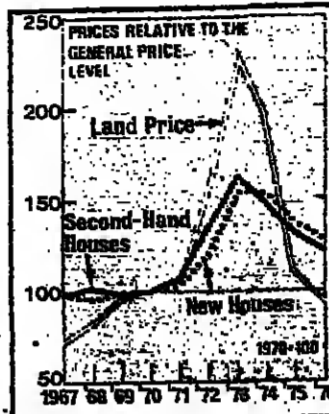
Standard Charterers dividend puzzle

Confusion over Standard Charterers Bank's dividend policy last night was tending to distract attention from the news that its profits have accelerated smartly in the second half. The year's total is £17.7m, higher at £109.8m, pre-tax, about £10m better than generally expected. But then comes the puzzle.

The bank is paying a final dividend, inclusive of related tax credit, of 14.39p per share — the maximum permissible under Counter Inflation Regulations. For the year as a whole however, total gross dividends per share have increased by only 3.9 per cent — although the company's total dividend payout has increased by 10 per cent to £11.3m. SC argues that this is the figure that matters but dividend restraint applies to gross payments per share. It would be surprising if a bank of this size, headed by a former Chancellor of the Exchequer, had made a mistake of this kind, so maybe there is more to it than meets the eye. If so some further clarification is required.

Leaving this aside SC in common with Barclays Bank International has been benefiting from the strong recovery in world trade. Whereas world trade fell by 41 per cent in real terms in 1975, last year it grew by 11 per cent, and SC's involvement in trade financing, particularly in the Far and Middle East, paid off handsomely. Even in South Africa, where Stoabac was caught by the collapse of Glen Anil, profits moved marginally ahead and the prospects for the current year look good. Even with the low increase in dividend the shares at 32p yield a comfortable 7.8 per cent, and the historic multiple is under 5.

Index fell 0.9 to 458.6



Housing review

The Housing Policy Review, born out of a housing boom, financed on a building society lend-loved by a mortgage. The Government, as societies, decided the another 1972 outwards benefits of the two mortgage glut which put output rather than a stable flow of funds answer, smoothing cycles.

The societies say they have been doing just this for years, with only two hiccoughs in a period unprecedented interest rate fluctuations. The Gov thinks this is not an encouraging recommendation to let the investment in with money rates, while ing to hold the mortgage. When this involves a loss, the Government "accept" part of it through taking deposits. National Loans Fund money rate. Short-term money rate would be available in "exceptional circumstances."

So the Government are asking societies, to short to lend pretty long (the average actual mortgage is eight years) a view on money rates, the cushion of fixed or much greater Government interference is inevitable if trends wrong and have for help. If that had been the case at the start of the interest rate spiral, we would now have had a crisis. Why borrowers are shielded from rising costs is in any case clear.

Politically, the Gov had to push the societies lending policies. There set a large measure of money. On their money it has entered dangerous. The other idea of a raising medium and long from the institutions as facial attractions, but on Government is happy even more of Britain's going into house purchase, perhaps to industry heavily involved in distribution.

U.S. orders push BP shares up 16p on day

By Nicholas Colchester

THE LONDON Stock Exchange's extravaganza with British Petroleum shares continued yesterday with buy or sell orders for some 10m shares being registered in the course of the day. Together, the "old" BP shares and the new partly paid shares sold by the Bank of England accounted for about one sixth of the bargains marked to a very active trading day.

The pace of trading was hottest around three o'clock when Wall Street's institutions and investment banks, disappointed by the way in which their share of the sale had been reduced from one quarter to one fifth, came into the London market for BP shares.

The U.S. underwriters were permitted to start trading at 2.45 p.m. London time and immediately placed orders here. Meanwhile, the New York "specialist" in BP (the New York equivalent of a jobber faced such a press of orders that he had to delay his first trade by almost an hour, to 3.55 London time.

The first New York trade finally went across the board at \$161.50 up an 8 on the previous night's close and \$4 above the U.S. offer price. On the strength of the U.S. interest the London price for BP fully-paid reached a peak of 95p between 3.50 and 3.30 p.m., but came back to close at 83p, up 16p. The price of the new partly paid kept rising at one time to a high of 383p — compared to the offer price of 300p — before sinking to 355p, up 17p, at the close.

EEC officials lay blame as herring talks fail

BY ROBIN REEVES

BRUSSELS, June 28.

THE MAJORITY of EEC Governments have only themselves to blame for the unilateral ban on herring fishing in the British 200-mile sector of the North Sea from July 1 which the U.K. is expected to announce in the Commons tomorrow.

This was the view of EEC officials here today as they assessed the consequences of last night's breakdown in Luxembourg of Common Market Ministers' negotiations aimed at establishing a comprehensive Community herring fishing ban to the North Sea until the end of the year.

The debate in the Council of Ministers presided over by Mr. Jørgen Skjott, the U.K. Minister of Agriculture and Fisheries, was one of the most heated for many years and considerable abuse was heaped on British Ministers for what was regarded as their intransigent attitude.

The main protagonists, Denmark, Germany and the Netherlands, accused the British Commission of having bowed to the council's wishes and proposed a small overall herring quota of 15,000 tonnes or so for the rest of this year, bad Mr. Bruce Milham, Secretary of State for Scotland, leading the U.K. delegation, been a little flexible.

Commission officials dispute this. They say that Mr. Finn Günther, the Brussels Commissioner for Fisheries, considers it essential for the Commission to maintain credibility by showing it is serious about the proper management and conservation of fish stocks. To have bowed to political pressure would have confirmed British and Irish suspicions that a common fisheries policy based on Brussels was an impossibility.

As it is, the behaviour of the Danish, German and Dutch delegations last night added weight to the charge in some quarters that these countries, are not seriously interested in conservation. Given the strong scientific evidence that North Sea herring fishing must stop now if stocks are not to be damaged irreparably. Evidently, their anger was heightened by the knowledge that British fishermen, usually for the time of year, caught some 8,000 tonnes of North Sea herring in January and February. They assert that their fishermen, and their fish processing factories, are being denied a fair share. But more than one official said this argument did not bear close examination. Whatever the actions of fishermen, the U.K. Government itself called for a herring ban from the beginning of the year, but EEC Council agreement was blocked by Denmark.

In order to conform with the Hague agreement among EEC Foreign Ministers last October, the British unilateral ban has to be non-discriminatory. There is the precedent of unilateral conservation action by the Irish Government, which banned vessels over 110 feet from waters within 50 to 100 miles of the Irish coast, and is the subject of EEC "Conr proceedings," do the grounds of discrimination.

Thus, the Government cannot award British fishermen a small herring quota and prohibit the rest, without running foul of EEC rules. The general assumption here is that the U.K. would usefully conserve the bulk of North Sea herring stocks and lead to a rapid regeneration, if maintained until the end of next year.

Drastic action needed to save stocks, Page 26

Callaghan in bid to win EEC nuclear project for Britain

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

MR. JAMES CALLAGHAN, the Prime Minister, is expected to make a personal appeal to Chancellor Helmut Schmidt of West Germany this week to allow JET, the EEC's £70m. thermonuclear fusion project, to be sited at Culham research laboratory, near Oxford.

He is likely to approach Herr Schmidt informally during the two-day European Council meeting of heads of governments of the Nine, which opens in London today. The meeting marks the end of Britain's turn as president of the EEC Council of Ministers for the past six months.

EEC research Ministers have been deadlocked for months over whether to site JET at Culham or at a technically comparable rival site at Garching, near Munich. It is feared that, unless a decision is reached soon, the Community will have to abandon the project, which will provide abundant sources of cheap energy.

Britain argues that it should get JET because it has no large EEC establishment on its territory, and much Community research is already done in Germany. But the U.K. has antagonised some of its partners by presenting its case clumsily, and particularly by refusing to approve vital EEC research funds unless JET goes to Culham.

Although Culham is still considered the slight favourite, Herr Schmidt is not expected to surrender Garching's claim easily. His resistance may also have been stiffened by his reported dissatisfaction with Britain's handling of its EEC presidency, particularly its tactics during the last EEC farm price review in the spring, and the U.K.'s refusal to pay what Germany considers a fair share of the Community budget.

The council's informal agenda calls for no decisions on major issues, but there is concern in some quarters that Herr Schmidt might use it as an opportunity to vent his irritation publicly, as he has sometimes done at similar meetings in the past.

Mr. Callaghan is keen to make the economic situation a priority topic for discussion. The heads of government are due to review proposals by the EEC Commission for reducing unemployment among young people and women, and for encouraging investment.

There is also likely to be a broad review of world economic trends and of the outlook for relations between the industrialised countries and the developing world.

In this connection, Mr. Callaghan and Dr. David Owen, the Foreign Secretary, are expected to assess the outcome of the recent Commonwealth conference in London. They will probably report also on efforts to achieve a settlement in southern Africa.

New Lonrho move in Sudan deal

BY ALAN DARBY

MR. TINY ROWLAND, chief executive of Lonrho, arrived in Khartoum last night in what was believed to be an attempt to regularise participation by the British conglomerate in the management of the Kenana sugar project.

Lonrho lost the management contract for the scheme—the largest in the world—last month. Mr. Rowland, who was seeking an interview with President Jaafar Mohammed Nimeiri, is known to be anxious to minimise the loss of prestige for the company which "inevitably" accompanied its losing the contract.

There is speculation that he may be seeking a continued consultative role in the project, which Lonrho conceived itself.

Lonrho has set considerable store by the Kenana project, which it saw as a showpiece of Tiny Rowland's concept of blending western expertise, Arab money and the natural resources of an African country. It is anxious to retain its standing with the oil-rich Arab states and the under-developed world, and has been making considerable efforts to do so in the wake of its ejection from the management of Kenana.

Last month, the main shareholders in Kenana voted to terminate Lonrho's management contract, blaming it for the escalation in the cost of the project, from \$150m. when a feasibility study was concluded in October, 1976, to more than \$500m. at present.

The Sudanese Government and the State-owned Sudan Development Corporation own half the present \$100m. capital of the project.

The other big shareholders are the 50 per cent State-owned Kuwaiti Foreign Trading, Contracting and Investment Company (23 per cent) and the Arab Investment Company, owned by 14 Arab governments, with 17 per cent.

Lonrho (5.5 per cent), Gulf Fisheries (2.25) and Nishebi Iwai (2.25) hold the rest of the equity.

After agreeing to take a stake in the company in February, 1976, the KFTIC commissioned the U.S. agricultural consultants Alexander and Baldwin to assess the project. On the basis of their report, which quantified the cost escalation, the Kuwaiti concern pressed to have Lonrho's contract terminated.

It withheld paying a \$23m. loan to Kenana because of its dissatisfaction with the way the project was being run.

After a meeting of the shareholders on May 20, a four-man committee representing the large shareholders (who hold 90 per cent of the equity) was established.

Alexander and Baldwin, which runs three sugar plants in Hawaii, were appointed technical advisers to the project.

Mr. Wayne Richardson, Jr., chairman of Alexander and Baldwin, told the Financial Times that his company has plans to take the place of Lonrho as project managers.

Weather

U.K. TO-DAY

SUNNY PERIODS with showers. Cloudy in some areas. London, S.E. and Cent. S. England, E. Anglia, E. Midlands. Cloudy, showers. Wind light to moderate. Max. 17C (63F). E. N.W. and Cent. N. England, W. Midlands. Cloudy, becoming brighter. Showers. Wind light or moderate. Max. 16C (61F). Channel Is., S.W. England. Mostly cloudy, occasional rain. Wind light or moderate. Max. 16C (61F).

Wales

Cloudy, becoming brighter. Showers. Wind light or moderate. Max. 16C (61F). Lake District, N.E. England, Berders, Edinburgh and Dundee, Cent. Highlands. Sunny intervals, showers, some heavy. Wind light or moderate. Max. 16C (61F). Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetlands. Sunny intervals, showers. Wind moderate. Max. 13C (54F). Isle of Man, S.W. and N.W. Scotland, Glasgow, Argyll, N. Ireland. Sunny intervals, showers. Rain later. Wind moderate. Max. 14C (57F).

Republic of Ireland

Mostly cloudy with rain or drizzle in places. Sunny intervals.

BUSINESS CENTRES

City	Y'day	Y'day
	mid-day	mid-day
Alexandria	F 68	F 68
Amstrdm	F 67	F 67
Athens	F 67	F 67
Bahra	F 67	F 67
Barcelona	F 67	F 67
Beirut	F 67	F 67
Bombay	F 67	F 67
Buenos Aires	F 67	F 67
Calcutta	F 67	F 67
Cairo	F 67	F 67
Cebu	F 67	F 67
Colon	F 67	F 67
Copenhagen	F 67	F 67
Dakar	F 67	F 67
Dhaka	F 67	F 67
Frankfurt	F 67	F 67
Geneva	F 67	F 67
Hong Kong	F 67	F 67
London	F 67	F 67
Lyons	F 67	F 67
Manila	F 67	F 67
Medan	F 67	F 67
Paris	F 67	F 67
Rangoon	F 67	F 67
Singapore	F 67	F 67
Sourabaya	F 67	F 67
Taipei	F 67	F 67
Tokyo	F 67	F 67
Yokohama	F 67	F 67
Zurich	F 67	F 67

HOLIDAY RESORTS

City	Y'day	Y'day
	mid-day	mid-day
Algiers	F 67	F 67
Alicante	F 67	F 67
Barcelona	F 67	F 67
Batavia	F 67	F 67
Bombay	F 67	F 67
Buenos Aires	F 67	F 67
Calcutta	F 67	F 67
Cape Town	F 67	F 67
Cebu	F 67	F 67
Dhaka	F 67	F 67
Dubrovnik	F 67	F 67
Frankfurt	F 67	F 67
Geneva	F 67	F 67
Hong Kong	F 67	F 67
London	F 67	F 67
Lyons	F 67	F 67
Manila	F 67	F 67
Medan	F 67	F 67
Paris	F 67	F 67
Rangoon	F 67	F 67
Singapore	F 67	F 67
Sourabaya	F 67	F 67
Taipei	F 67	F 67
Tokyo	F 67	F 67
Yokohama	F 67	F 67
Zurich	F 67	F 67

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